Internal Communication and Employee Perceptions during Acquisitions

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Jakob Hindström
Johan Tullström
Supervisor: Stefan Arora-Jonsson
Abstract

The purpose of the thesis was to research how management used internal communication during acquisitions and if it affected the perceptions amongst the employees. Internal communication happens at all levels of every organization and underpins organizational effectiveness. Internal communication is a powerful tool available for managers, but is difficult to master as employees have demands regarding channels, frequency, richness and meaning. During an acquisition the use of internal communication is even more important and harder to handle. Employees hold different perceptions about the acquisition based on partner attractiveness and target responsiveness. These perceptions will make employees perceive the acquisition as an opportunity or a threat. The communication owner must be aware of the perceptions and take them into account when crafting a strategy for internal communication. Employees in the two case organizations studied held negative perceptions in the early stages of the acquisitions. Our results showed that it was possible to alter employee perceptions regarding the acquisitions from threatening to opportunistic by internal communication and managerial involvement.

Keywords: Internal communication; acquisitions; perceptions; employee perceptions
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1 Introduction

Interactions are at the heart of every organization. How communicated messages and information are perceived is highly subjective, yet very real to every organization. The communication from a leader to a follower can be the difference between success or failure, between a good or bad result, between an organization surviving or dying. Thus, communication underpins every form of organizing, and to make it more difficult, its importance is even greater in times of change.

An important tool for managers is the possibility to internally communicate a message to different parts of an organization (Verghese, 2017; Karanges et al., 2015; Welch, 2012; Maire & Collerette, 2011; Ruck & Welch, 2011). Internal relationships, effectiveness, employee engagement and overall performance is linked to the success of internal communication. Internal communication as a concept can be understood as the communication between managers and internal stakeholders aimed at bringing understanding about the operations, promote commitment and a sense of belonging and develop awareness in times of change (Welch, 2012). It occurs both formally and informally at all workplace levels (Ruck et al., 2017), but is complex and challenging and thus full of pitfalls if not handled properly. Research suggest mainly three aspects in which managers must succeed if they want to be prosperous in delivering a message to internal stakeholders, namely channels, richness and frequency (Angwin et al., 2014). However, the meaning expressed in the communication is obviously also a vital variable in how the message is perceived by the employees.

Internal communication is a subject entailing complexity during periods of “business as usual”, but is put to the test during disruptive times for an organization. One such situation can be a major organizational change as for instance an acquisition where one organization acquires the other. In these types of events, communication can serve as a catalyst of change and is often lifted as one of the main variables for the outcome of an acquisition (Osarenkhoe & Hyder, 2015; Angwin et al. 2014; Bhaskar et al. 2012; Maire & Collerette, 2011). The considerable change an acquisition constitutes can cause uncertainty, stress and rumouring amongst employees in the acquired firm, impact employee reaction and thereby hinder the financial performance of both parent and the acquired firm (Teerikangas, 2012; Buono & Bowditch, 1989). Employees going through acquisitions might feel uneasy about the change or worried about their employment (Angwin et al., 2014), but it could also be perceived as
something positive and be seen as a possibility to develop upon. Also, perceptions can differ between acquiring management and acquired employees. There is however no clear framework describing what causes perceptions amongst employees to be positive or negative concerning an acquisition, managers are left without a map in un-scouted terrain (Teerikangas, 2012). Yet the human side of acquisitions is mentioned as one of the key reasons for integration failures (Cartwright & Cooper, 1992; Napier, 1989). We want to investigate how managers can affect these perceptions of an acquisition by internal communication.

It is important to keep the employees positive, motivated and opportunistic since they otherwise might limit progress, turn hostile towards the organization or leave and create a loss of knowledge, often referred to as brain drain (Angwin et al. 2014; Teerikangas, 2012; Welch, 2012; Catteeuw et al. 2007). Karanges et al. (2015) suggest that in order to do this, internal communication can be used as a tool. Teerikangas (2012) grounded model for acquisitions describe important factors to turn the employee perception of the organizational change into an opportunity instead of a threat and further develop it into motivation instead of uncertainty. The model is useful since it assumes an employee perspective and can be utilized by managers to minimize the discrepancies of perceptions between management and employees in the different organizations. However, we believe that Teerikangas (2012) does not emphasize the importance of internal communication strategies enough, even though it is lifted as a main factor during acquisitions by other scholars (Verghese, 2017; Osarenkhoe & Hyder, 2015; Angwin et al. 2014; Bhaskar et al. 2012). This makes it interesting to investigate how the variables in Teerikangas’ (2012) grounded model for pre-acquisition employee reactions, combined with internal communication strategies for channels, richness, frequency and meaning, can affect employee perceptions in an acquisition.
1.2 Problem Statement and Purpose

*Empirical problem statement*

The importance of communication is often highlighted as a critical factor during acquisitions (Angwin et al. 2014; Bhaskar et al. 2012). Internal communication is an important and well researched subject in a normal organizational environment. The context of a major organizational change such as an acquisition makes it far more complex and thereby even more important to understand (Angwin et al. 2014). Questions remain concerning how the communication affects employee perceptions during these circumstances. The pre-acquisition perception of the partner organization combined with the communication and situation might differ between the organizations as well as between management and employees. These variables will therefore shape the post-acquisition perception in different ways. The empirical problem thus revolves around how the communication affects the perception of the acquisition amongst employees.

*Purpose with the study*

The purpose with this thesis is to study how management took the different pre-acquisition perceptions into account, as well as investigating how they used internal communication during the process, and how it affected the post-acquisition employee perceptions.

*Research question*

How does the structure of managerial communication affect employee perceptions?
2 Theory

2.1 Internal Communication

Internal communication can be understood as the communication between managers and internal stakeholders aimed at bringing understanding about the operations, promote commitment and a sense of belonging and develop awareness in times of change (Verghese, 2017; Welsh, 2012). However, internal communication happens constantly and can just as well be informal conversation between employees and managers as well as thoroughly thought through and executed strategies for internal communication (Welch & Jackson, 2007). Similarly, Kalla (2005, pp. 304) define internal communication as all formal and informal communication taking place in an organization at any levels. A simpler and straightforward understanding of the concept can be in the lines of the methods used to communicate internally to employees, such as emails, intranet and newsletters (Cornelissen, 2004, pp. 189). This simple definition involves some interesting variables such as channels of communication, but does not really bring any depth or strategic thinking for the understanding of this important concept.

The main focus of internal communication has been on the managerial side of the spectra, and employee preferences has to a large extent been ignored in relation to channels and content (Ruck & Welch, 2011). We, therefore, find it important to regard internal communication as a strategic way of managing internal stakeholder perceptions. The strategic importance of internal communication is further explained by Karanges et al. (2015) as having two main objectives; provide information and create a feeling of community. Also, an appropriate communication strategy plays a key role in managing uncertainty amongst employees (Angwin et al., 2014). Thus, internal communication can be understood as all types of communication within an organization, simply delivering information to employees, or more in terms of a strategic tool to manage internal stakeholders and their perceptions.

In this thesis, we define internal communication primarily as the planned communication which happens between managers and employees as we are concerned with investigating how management used internal communication as a tactical and strategic tool. Therefore, we are less concerned about the informal chatting taking place within organizations as it does not answer our research questions. In order to evaluate and understand a strategy for internal communication it is important to consider the variables which constitute it, as well as the
thinking behind it. Our literature review showed that the most important factors of communication were the channels used, how rich and describing the communication was and how often it reached employees. Also, what meaning in a message was being sent out was considered important as it would provide an understanding of the strategic thinking behind the strategy crafted for internal communication. Consequently, in the following section we describe these main variables of internal communication.

2.2 Channels, Richness, Frequency and Meaning

The channels of communication are an important factor in internal communication since it is how employees receive a communicated message (Welch, 2012). Using the wrong channels for internal communication can risk making the communication counterproductive since all internal stakeholders do not necessarily share the same preferences regarding channels. Hence it is important for managers to not only evaluate the message itself, but also the media chosen to deliver the message to the target audience in the organization (Welch, 2012). The focal point must move from simply a description to one of creating understanding (Ruck & Welch, 2011). This fails most often due to lack of commitment amongst senior towards values and because the communication is not employee-centric enough.

Too little information sharing and withholding of information creates a negative feeling amongst the employees since it causes uncertainty and stress (Angwin et al., 2014). While on the other hand, too much information may be dysfunctional. The communication might be perceived as irrelevant, unreliable and dishonest since it can create a feeling that the real meaning is being concealed. It is important that an appropriate amount of information comes from management on the channels best suited for the purpose (Welch, 2012). Otherwise it risk being deemed inappropriate by employees and not create the understanding desired by the sender (Ruck & Welch, 2011). What constitute an “appropriate” amount of information however, varies and is to a part what make internal communication difficult. Continuous reassuring communication might be counterproductive and make employees suspicious (Angwin et al., 2014). Repetitive communication of negative news such as workforce reduction may undermine trust in management and increase the sense of threat linked to the acquisition. Too little information on the other hand, might create confusion, uncertainty and stress.
How a communicative narrative is built up is also important according to Demers et al. (2003), since it can make employees excited or deterred during an organizational change such as an acquisition. Management should leverage the positive implications, i.e. create and reinforce an understanding. Hence the meaning of the message itself and the narrative in which the message is presented is important for the success of the internal communication. Rather than addressing the concerns and fears amongst employees, communicative narratives should be focused on the new organization and its positive implications (Demers et al., 2003). Furthermore, management win the commitment from employees by leveraging the positive implications of the acquisition by means of communication, thus installing reassurance for the future and not simply appeasement. Consequently, richness, frequency, channels and meaning are key elements in a communication strategy targeting internal stakeholders. However, controlling employee perceptions is difficult for management, yet important since it can affect the outcome of an acquisition.

2.3 Perceptions
The way a communicated message is picked up by its receivers and perceived can be difficult for a manager to screen as it lies outside the boundaries of their control (Power et al., 2009). People hold perceptions about things and share it with others; hence employee perceptions can be based on perceptions of perceptions. Whether a perception is true or not does not really matter since it becomes a social fact (Power et al., 2009). It will generate actions and reactions and thus affect the degree of success of an internal communication strategy. Even though the degree of righteousness in a perception can vary and is highly subjective, we believe it is important to include when investigating internal communication as the results from employee perceptions are real.

2.4 Acquisitions
Acquisitions may be a way of gaining and maintaining competitive advantage by strengthening a company’s market position (Thompson et al., 2013). An acquisition is when one company obtains the majority of stakes in another and absorbs their operations (Thompson et al., 2013). This does not necessarily change the acquired company’s name, legal status or organizational structure but the acquired company could cease to exist and become a part of the main organization. In theory, an acquisition is a venture which on one
hand demand much consideration, but on the other hand is manageable if planned and executed properly (Steigenberger, 2016; Bhaskar et al. 2012; Weber & Tarba, 2012).

An acquisition can be divided into two categories; a pre-acquisition and a post-acquisition phase (Gomes et al., 2012). The pre-acquisition phase revolves around assessing the strategic fit and organizational fit, while the post-acquisition phase includes variables such as choosing the right integration strategy, human resource management, communication and leadership. In this thesis, we will sometimes refer to the acquiring part as “partner organization”, and the acquired organizations as “Target organization”. This is in line with the terminology used in Teerikangas (2012) article.

2.5 Grounded Model of Pre-Acquisition Employee Reactions

The major organizational change an acquisition constitutes can lead to psychological challenges employees will face (Buono & Bowditch, 1989; Marks & Mirvis, 1985). These can be increased levels of uncertainty, stress and lower levels of morale, as well as a fear of loss of identity and job security (Cartwright & Cooper, 1990; Buono & Bowditch, 1989; Sinetar, 1981; Mace & Montgomery, 1962). Reactions from employees’ pre-acquisition are most often negative, while post-acquisition reactions can shift to positive depending on how well management handled the integration and how employees experienced the events. Teerikangas (2012) created a grounded model for pre-acquisition employee reactions divided into two main categories, namely “partner attractiveness” and “target responsiveness”.

We argue that the most relevant variables to take into consideration from Teerikangas (2012) grounded model in this case are the firm's historical relationship, communicated intentions, partner behaviours, target managerial involvement and perceived need to be acquired. This is because those factors are most likely to impact employees’ perceptions, as they involve history, communication and situational understanding. The historical relationship between the organizations shapes the employee perception of the acquiring organization. This perception can influence whether the employees see the acquisition as a threat or opportunity or whether they feel uncertain or motivated in their situation. The communicated intentions will also determine how the acquisition process and the acquiring organization is perceived by employees (Teerikangas, 2012). None of the acquired organizations had any relevant international exposure or acquisitive experience, we therefore chose to not focus on those.
2.5.1 Partner Attractiveness

The experienced attractiveness from employees in the acquired firm stems from how attractive the acquiring organization is perceived both from an organizational and behavioural standpoint. Organizational fit, i.e. how similar the two organizations are, impact employee reactions (Teerikangas, 2012). Hence, low levels of organizational fit make employees experience an acquisition as a threat whereas high levels of fit make employees perceive the acquisition as an opportunity. Organizational fit is assessed by employees in terms of firm relatedness, governance structure and buying firm nationality (Teerikangas, 2012). If the buying firm is known to the acquired organization, employees tend to respond with less suspicion than if the firm would be unknown. Also, if the buying firm come from within the same industry, employees perceive the acquisition as an opportunity to a larger extent than if it would have been from a dissimilar industry (Teerikangas, 2012). A more similar buyer is perceived as one who is looking to develop the business of the acquired firm. Governance structure and how it fit with the acquired organization is also examined by employees, and is vital to how the buying firm is perceived. Based on previous experience, employees judge the buying firm governance structure. For instance, when working for a family owned business, reactions for being acquired by a shareholder-owned multinational firm is perceived as a threat (Teerikangas, 2012). Employees with experience of being owned by such a corporation are more likely to perceive it as an opportunity. While previous research on employee reactions in the pre-acquisition era has focused on relative size between the buying and acquired firm (Capron et al., 2001). However, employees evaluate the buying firm with the former parent firm in terms of size and governance structure and not simply the size of one’s own organization (Teerikangas, 2012). Furthermore, the historical relationship between the acquiring and the acquired firm also impact the perceived motivation or threat (Teerikangas, 2012). Firms which are unknown or are fierce competitors are thought of more as threats by employees, while acquiring organizations known before, for instance through cooperation, are perceived in a more positive light.

Behavioural attractiveness is determined by communicated intentions and partner behaviours. The communication of intentions behind the acquisitions will affect the perception amongst the employees in the acquired firm towards seeing the acquisition as a threat or an opportunity depending on what intentions are presented. A lack of pre-acquisition
communication will result in low attractiveness amongst the employees of the acquired firm and the acquisition does thereby risk being seen as a threat (Teerikangas, 2012). It is critical to establish a connection with the acquired firm and create a relationship in the pre-acquisition phase to have everybody on the same boat when the actual deal is made (Teerikangas, 2012; Maire & Collerette, 2011). Most important is to create a good relationship with the management team in the acquired company. When the target management is positive to the acquisition and the buyer, they will secure employee motivation in the acquired organization.

2.5.2 Target Responsiveness
The responsiveness revolves around the cognitive response from employees, and can predict how they will deal with the news about the acquisition. Employees tend to perceive acquisitions as less threatening and thus easier to handle if they have been acquired previously (Teerikangas, 2012). The cognitive response is thus more positive towards being acquired, and employees can leverage it to their advantage. Employees without the experience can undergo great losses of belonging, identity and enthusiasm in the wake of being notified of the acquisition. The strategic responsiveness refers to the perceived need to be acquired (Teerikangas, 2012). While target cognitive responsiveness focus on the past, strategic responsiveness focus on now and the future, i.e. if the employees experience a need to be acquired. A perceived need to be acquired amongst employees is positively associated with the acquisition being viewed as an opportunity rather than as a threat (Teerikangas, 2012).

2.6 Synthesis
We define internal communication as the planned communication from management to employees and divide it into four parts, namely channels, richness, frequency and meaning (Angwin et al., 2014; Welch, 2012; Ruck & Welch, 2011; Demers et al., 2003). These are all of great significance since the employees will judge whether the internal communication is shared appropriately, reliable and trustworthy based on these factors. Internal communication is often highlighted as one of the main variables for the outcome of an acquisition, and is thus of strategic importance (Karanges et al., 2015). Such an event constitutes a significant change in organizing for employees, and they will hold certain perceptions about the acquisition depending on partner attractiveness, target responsiveness and target managerial involvement
(Teerikangas, 2012). A strategy for internal communication should focus on leveraging the positive implications of an acquisition (Demers et al., 2003), while Teerikangas’ (2012) grounded model for employee reactions states that employee perceptions are important to consider when integrating the organizations. However, solely internal communication without having the employee perceptions in mind is not likely to serve the desired purpose. Likewise, a sound understanding of employee perceptions without a clear understanding of how to use it when communicating will probably be of little use. Both theoretical fields are relevant, but incomplete on its own and we want to study them in combination. Hence, we believe that by taking the employee perceptions into account when communicating internally, management can steer the employees' perceptions of the acquisition. Conducting an empirical study will answer whether managers can alter the perceptions held by the employees prior to the acquisition by internal communication and thus bridge the gap between internal communication and the pre-acquisition employee perceptions.

To facilitate the readers understanding and make our perspective on the matter clearer, we have designed the model below (Figure 1). When creating “the Hindstrom-Tullstrom model”, we found inspiration in Teerikangas’ (2012) model “Dynamics of Acquired Firm Pre-Acquisition Employee Reactions – A Grounded Model”, and the theories of internal communication (Angwin et al., 2014; Welch, 2012; Ruck & Welch, 2011; Demers et al., 2003). From the bottom up, you can see what we argue shape the pre-acquisition employee perceptions. The coloured arrow in the middle symbolizes the acquiring process from start to finish. We believe that internal communication and managerial involvement are the two most important factors that can have an impact on the perceptions during the process. The different components of internal communication come from the top of the model into the process arrow. In the top corners, you can find the possible employee perceptions pre- and post-acquisition.
Acquiring Management

**Employees perceive:**
Opportunity and Motivation or Threat and Uncertainty

**Internal Communication**
Channels, Richness, Frequency & Meaning

**Employees perceive:**
Opportunity and Motivation or Threat and Uncertainty

Pre-Acquisition Perceptions

Internal Communication & Managerial Involvement

Post-Acquisition Perceptions

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**Employee Perceptions**

- **Partner Attractiveness**
  - Communicated Intentions
  - Partner Behaviours
  - Organizational Fit
  - Historical Relationship

- **Target Responsiveness**
  - Need to be Acquired
  - Acquisitive Experience

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*Figure 1: Perceptions and Communication during Acquisitions - The Hindstrom-Tullstrom Model*
3 Research Method

This chapter is dedicated to the research method we have chosen. It aims at providing an understanding of the chosen method as well as a critical discussion of its merits and demerits and how it might affect the thesis credibility. This is important due to potential sentiments from us which might be reflected in the results unconsciously.

3.1 Qualitative Study

A qualitative research method enables in-depth studies of a topic (Bryman & Bell, 2013), and is therefore congruent with our research ambitions. Since this thesis aims at understanding two cases in depth, and making a comparative study, the qualitative approach is suitable for the purpose. The other main research approach in social sciences is the quantitative approach, which has a different way of gathering and interpreting data. While the qualitative research approach is focusing on the subjective interpretation of data, the quantitative approach seeks to gain a broad overview of the research topic. Since the focal point is to study how internal communication was used by management and if it altered the perceptions about the acquisition, it would be hard to use a quantitative method due to the difficulties of measuring such variables through quantitative data. Measuring perceptions with quantitative data based on related variables such as productivity or similar could be misleading as they will have a hard time depicting the complex context. Hence, a qualitative study is much applicable as it allows for a deeper understanding of a phenomenon such as perceptions. Perceptions are to be found in what is said rather than what can be calculated quantitatively, the qualitative method is therefore preferable.

One of the major merits of a qualitative approach is the flexibility it allows for (Saunders et al., 2009). It provides opportunities for the structuring of information from variations, links and relationships. Also, the research problems can be modified if contrarious views or nuances are discovered during the data collection. Important for a qualitative research approach is that the collection of data is performed in a legitimate manner, i.e. if we consider and equally weigh all the answers provided. Hence, the research process must be characterized by openness and perceptiveness in order to provide a legitimate result.
3.2 Choice of Study Objects

Seeking to gain understanding as to how managerial internal communication, in the context of an acquisition, could affect employee perceptions, we chose to study two different cases namely Arla’s acquisition of Gefleortens and Rejlers’ acquisition of DynaMate. This enabled us to make comparisons of how the employee perception was affected by the internal communication. The case organizations were similar in that they both operated in the Swedish market, the target firms had no previous experiences of being acquired and both went through the acquisition recently. Further, it was the acquired firms that approached the acquiring firms since they both had a need to be acquired. However, the case organizations operate in different industries and had different prerequisites in terms of employee perceptions coming into the acquisition process.

Our theoretical model (Figure 1) states that pre-acquisition employee perceptions are depending on the acquiring parts attractiveness and the acquired organizations’ responsiveness. The post-acquisition perceptions can be altered by managerial involvement and internal communication during the process. By studying two cases, we could make comparisons as we thought there were some clear differences between them. The negative perception of Arla as an acquirer is widely spread from previous acquisitions, and could therefore be considered as tacit knowledge. This is something all of the respondents from both Arla and Gefleortens emphasized. Therefore, we estimated that the historical relationship could have an impact on employee perceptions prior to the acquisition. When we established the first contact with the management at Rejlers they described an existing relationship with DynaMate and their employees. We believed this to be an important factor to get a clear discrepancy in the empirical results. Thus, the initial values in our model were different between the case organizations, and we considered it important for the comparative study we wanted to conduct. Also, collecting empirical data from two cases enabled us to answer our research question and purpose with greater reliability via our theoretical model.

We considered it important that the case organizations chosen had undergone an acquisition recently. This was crucial to be able to collect reliable perceptions from the whole process. If less recent acquisitions were studied, we could get less accurate and more biased descriptions of previous perspectives from the respondents. People tend to twist experiences and other empirical evidence so it will fit into their own, current narrative (Bazerman & More, 2013,
pp. 47-49). Thus, the further away employees are from an acquisition, it is likely that they will perceive the events as have been going better or worse than they actually did, depending on how they perceive it afterwards. This is because it is easier to retrieve memories that confirm current narratives rather than counter them, which is called the confirmation trap (Bazerman & More, 2013, pp. 47-49). The employees might change their perceptions regarding certain events that they did not understand or had full information of at the time. Hindsight bias can also be explained as when you find something obvious now, but you did not understand it at the time (Bazerman & More, 2013, pp. 55-57). Our hope is therefore that by studying recent acquisitions we can get more reliable answers from the respondents.

3.2.1 About Arla and Gefleortens
Arla Foods is a membership owned dairy company with its corporate headquarters in Denmark (Arla, 2018). The cooperative dates to the 1880’s and became the company it is today when the largest Danish dairy cooperative merged with Swedish Arla Foods in 2000. In the following years, further mergers were made with cooperatives in other European countries. Prior to the Swedish-Danish fusion, mergers had been conducted with smaller actors in the Swedish market. Today, Arla Foods are represented in the UK, the Netherlands, Germany, Belgium, and Luxembourg and is owned by 12000 farmers. It is one of the largest actors in the global dairy industry and has about 18000 employees.

Gefleortens dairy cooperative dates to the 1930’s, and was owned by its members (farmers) until the acquisition by Arla (Gefleortens, 2018). Gefleortens are solely present in their local market and has around 60 employees at the production facility. During the 1990’s a merger was launched with Arla, but was not approved by the Competition Authority. Since the failed merger, Gefleortens have profiled itself as the local dairy alternative (Gefleortens, 2018) and previously had a market share at around 90 percent in their local marketplace (Lindberg, Gefleortens).

3.2.2 About Rejlers and DynaMate
Rejlers AB is one of the Nordic countries largest engineering companies with around 2000 employees and is listed at Nasdaq Stockholm (Rejlers, a, 2018). The company is working mostly with IT-solutions in construction, energy, infrastructure and heavy industry (Rejlers,
DynaMate AB was an engineering company which delivered maintenance services to primarily different industrial sectors (DynaMate, 2018). The company employed around 30 people. Prior to the acquisition by Rejlers, the engineering consulting company DynaMate AB was owned by Scania as a subsidiary (Rejlers, c, 2018). DynaMate had offices in northern and southern Sweden as well as Stockholm. DynaMate’s consulting division had gotten directives from its owner Scania that they were to be uttered, as they were not part of Scania’s core business. The acquisition was in the form of an acquisition of assets and liabilities.

When studying the Rejlers-DynaMate acquisition, we chose to specifically look into the situation at one of DynaMate’s offices and not the entire organization.

3.3 Research Design

The research is based on an interpretative perspective, which implies that humans and their organizations differentiate from natural science study objectives (Bryman & Bell, 2013). The social reality creates meaning for human beings and human actions should therefore be considered as meaningful. Weber (1947) describes it as a scientific endeavour for interpretative understanding of social actions to reach causal explanations of the actions and its effects. We take a constructive ontological position which suggest that organizations are socially constructed and something that social actors constantly shapes (Bryman & Bell, 2013). All individuals interpret the reality and then act on their own unique experience. Thus, underpinning the choice of a qualitative approach where we have the possibility to study different perceptions and how communication between management and employees during an acquisition process could affect them. This position also entails that we only present a specific version of the social reality and the results therefore, should not be considered as definitive or generalizable (Saunders et al., 2009).

An inductive research design is congruent with a qualitative research approach since it is used to draw conclusions from empiric data (Bryman & Bell, 2013). The inductive design is also suitable since we have to understand the subjective perceptions of the respondents. This is
important to have in mind since humans as study objects differ from the study objects of natural sciences in the way that human beings entail feelings and different interpretations of reality and therefore create meaning (Bryman & Bell, 2013; Weber, 1947).

3.4 Case Study Concept
A case study can be defined as researching a specific event (Bryman & Bell, 2013). Researching two single cases allow an in-depth understanding of the circumstances and context surrounding the event in question. The perceptions and subjective interpretations of reality amongst different people in an organization is enabled to be understood via this form of study. The interpretations and perceptions can then be weighed against a formal narrative, perhaps framed by management, and a picture of what has actually happened can be deciphered and understood. There will be two cases investigated as we want to make a comparative study. Even though a single case would have provided further depth and understanding, two cases could be more interesting as they can be compared to each other. The results from a comparative case study make the strengths and flaws with each process studied more available for evaluation (Bryman & Bell, 2013). The comparability of the results will be significant as the structuring of investigation in each case is similar. This enables us to draw conclusions for the thesis purpose and research question regarding which factors and variables are important for understanding the success factors in these cases.

3.5 Data Collection
The study’s primary sources of data consist of research interviews conducted with people within the case organizations, both from the acquiring organizations and the acquired ones. The purpose with the interviews was to create an understanding over the perceptions about the acquisition and how the internal communication process affected these perceptions.

At Arla, we contacted the Director of Communication, Gunnar Gidefeldt and then also the CEO at the acquired organization Gefleortens, Magnus Lindberg. Thereafter, we asked Lindberg for interviews with employees from both the administrative side and the production which he arranged for us. At Rejlers, we first got in contact with the Communications Manager, Maria Stenberg, who we interviewed. She also helped us to get in contact with the CFO, Niklas Danielsson, who was in charge of implementing the communication plan which Stenberg had constructed. Thereafter, we asked Stenberg for interviews with acquired
employees from DynaMate, which she helped us to arrange. We are aware that the employee respondents might be handpicked by the managers in both cases. They might therefore be subjectively picked and perhaps not the best suited for the study. There is to some extent a risk that these people were picked to convey a somewhat refined picture of the process. At the same time, we considered the benefits of using the managers’ competence and holistic vision to be greater when assessing which employees that could give interesting and essential information. By requesting interviews with employees in different departments of the acquired organizations, we got a wider and fairer perspective of how the employees perceived the reality.

3.6 Structure of Interviews
The research interview is a well-established way of collecting data for a qualitative study (Qu and Dumay, 2011). More specifically, the research interviews were semi-structured. This type of interview was chosen to provide relatively open interviews where the questions could be customized to get more exhaustive answers, while steering towards the focus of the study. The flexibility to change order of the questions to fit the situation and the respondent’s previous answers can also be seen as the semi-structured interviews greatest advantage. This style of interviewing is congruent with the qualitative research approach and can resemble a fairly open conversation between interviewers and respondents rather than an examination where the respondent only answers the questions asked (Babbie, 2013). The semi-structured interviews also gave us the opportunity to really dig deep into the subjective meanings and interpretations held by the respondents. This is done by constructing an interview guide and asking similar questions and, in that way, extract the actual perceptions and interpretations.

The interviews were recorded and transcribed, which enabled us to make a detailed analysis of the answers (Bryman & Bell, 2013). All the respondents gave us consent to record before we started the interviews. To ensure the reliability of the empirical data, the transcribed material has been sent to the respondents for reviewing before publishing. This way, we can confirm that our perceptions correspond with what the respondents meant in the interviews. There is however a risk that the recording of the interviews is seen as a distraction that make the respondents less spontaneous and more reserved during the interviews (Bryman & Bell, 2013). However, we believe that the benefits with recording outweigh the disadvantages. It allowed us to focus more on the respondent and makes sure that we do not forget valuable
information for the study. Interviews were conducted in Swedish since it is the mother tongue for all respondents, but the quotations presented in the results are in English. In order for us to not misinterpret the quotes and meaning of them due to linguistic reasons, the respondents validated the material we used after it was translated into English. This enables us to make sure we captured the correct meaning even though the result from the transcribed interviews was translated.

We have chosen to keep the employee respondents anonymous, which we notified them of before the interviews. This was done so that they would feel less restricted in what they could say or not during the interviews, and perhaps be more open and honest. Additionally, we did not find any reason to mention the employees with names, since the study is focusing on the bigger picture of them as employees. Table 1 provide examples of how we have translated and interpreted the core meaning from the interviews. All the interviews were analysed in a similar way, and this is only a sample to show the process.
Table 1: Data Process

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Swedish quotation</th>
<th>English translation of quotation</th>
<th>Our interpretation of the quotation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gidefeldt (Arla, Director of Communication)</td>
<td>“Vi hade ett fantastiskt samarbete genom allt detta. Och det skulle jag säga var helt avgörande för att det blev så bra. Han [Magnus Lindberg] var briljant bra genom hela den här processen. Vi hade en väldigt sårbar öppen och transparent dialog [...] tog hand om kommunikationen på väldigt, väldigt bra sätt.”</td>
<td>“We had an amazing cooperation through all of this. And I would say it was totally crucial for it to end up this good. He [Magnus Lindberg] was brilliantly good through this whole process. We had a very open and transparent dialog [...] and took care of the communication in a very, very good way.”</td>
<td>Gidefeldt perceived the communication with target management as good and perceived the target managerial involvement as high.</td>
</tr>
<tr>
<td>Lindberg (Gefleortens, CEO)</td>
<td>“Arla var också bra på att hjälpa oss där, VDn från Arla var här vid ett par tillfällen och informerade och tydliggjorde ambitionerna framåt och jag tror att det lugnade ganska mycket när man fick höra det från källan själv [...]”</td>
<td>“Arla was also great in helping us there, the CEO of Arla visited us a couple of times and informed and clarified the ambitions forward and I believe that calmed pretty much when you got to hear it from the source itself [...]”</td>
<td>Lindberg perceived the acquiring firm’s managerial involvement as stabilizing.</td>
</tr>
<tr>
<td>Danielsson (Rejlers, CFO)</td>
<td>“Fult ut [uppköpt bolags involvering i processen]. Så mycket som de ska va. Skulle jag vilja säga.”</td>
<td>“Completely [target managerial involvement during the process]. As much as it should be. I would like to say.”</td>
<td>Danielsson perceived the target managerial involvement to be high.</td>
</tr>
<tr>
<td>Stenberg (Rejlers, Communications Manager)</td>
<td>“Det är bara den uppfattningen [om DynaMates lednings involvering] som jag fått, men jag har ju sett deras kommunikationsplan, och den var mycket professionellt”</td>
<td>”It is only that impression [of the target managerial involvement] I’ve gotten, but I have seen their communication plan and it was very professional.”</td>
<td>Stenberg perceived the target communication plan as professional.</td>
</tr>
</tbody>
</table>
3.7 Method Critique

Neither one of us had any personal relationships with the case organizations other than as consumers of both Arla and Gefleortens products from time to time. A lack of personal relationships with, or engagements in the case organizations prevents personal biases from occurring when collecting and analysing the empirical data. Taking the input from Power et al. (2009) into account, as we try to study and interpret perceptions, we will deliver our perceptions of the perceptions studied. Hence, it should be kept in mind that the results in this study will be based on subjective meanings rather than objective facts which is the main criticism towards the interpretative research approach (Saunders et al., 2009). However, subjective meanings can be considered as social facts nonetheless, and thus describing the reality of the cases studied.

Keeping the limitations of a qualitative approach and an inductive design in mind is important as the theoretical contributions will not be transferable to another context academically speaking (Bryman & Bell, 2013). However, the new theory based on empirical findings can serve as a guide for managers and decision makers, as well as a stepping stone for future research. A possible setback with investigating perceptions of internal communication in the context of an acquisition is primarily twofold. Firstly, there are different motives as to why a company engages in acquisitions. It could be due to a “negative” reason, such as limiting competition and therefore closing an uprising competitor. In a case like that, uncertainty and a feeling of threat are likely to be high in the acquired organization. An acquisition could stem from “positive” reasons, such as growing in market size or gaining competitive advantages and therefore equipping the acquired organization with further resources. The cases analysed in this study will all be of a positive character since comparing cases with “negative” and “positive” points of departure would give results more related to the character of the acquisition, rather than the communication. Secondly, only measuring at one point in time, in this case right after the acquisition, will possibly give the study less reliable conclusions since the comparison of perceptions before the acquisition will be less accurate when measuring. However, since this study is comparative and the acquisitions are of a similar positive character, the results will be comparable to each other. This will make it possible to draw empirical conclusions over how the internal communication strategies were received by the employees and if it affected perceptions about the acquisition.
4 Empirical Findings

4.1 Arla and Gefleortens

Table 2: Respondents Arla & Gefleortens

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Organization &amp; Role</th>
<th>Date &amp; Time</th>
<th>Validation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gidefeldt¹</td>
<td>Arla, Director of Communication</td>
<td>2018-04-10</td>
<td>2018-05-25</td>
</tr>
<tr>
<td>Lindberg²</td>
<td>Gefleortens, CEO</td>
<td>2018-04-11</td>
<td>2018-05-28</td>
</tr>
<tr>
<td>EmployeeG³</td>
<td>Gefleortens</td>
<td>2018-04-18</td>
<td>2018-05-28</td>
</tr>
<tr>
<td>EmployeeG⁴</td>
<td>Gefleortens</td>
<td>2018-04-18</td>
<td>2018-05-28</td>
</tr>
</tbody>
</table>

4.1.1 Internal Communication

The implementation of strategy for internal communication was handled at Gefleortens with help from Arla, as it was deemed to get the best reply from the employees.

“Generally speaking, the communication concerning this acquisition, we decided very early that it becomes best if it is Gefleortens themselves who takes care of it. [...] main communication owner through this process was Gefleortens themselves.” (Gidefeldt¹, Arla)

Transparency and a willingness to share happenings with the staff was a main component in the internal communication.

“The same day as we made the decision in the shareholder’s meeting we went from the meeting to the staff where we informed. We were very rigorous regarding that the owners should have all the info first, so the board of directors actually called all of the owner’s after the meeting which weren’t there. Then directly after that to the staff and the local media.” (Lindberg², Gefleortens)

Gefleortens CEO Magnus Lindberg has been highly active and involved in the process of the acquisition. It is mainly Lindberg that has been in charge of the communication to the
employees of Gefleortens with assistance from a project group at Arla. This is one of the reasons the transition has worked so smooth according to Gidefeldt\(^1\) (Arla).

“We had an amazing cooperation through all of this. And I would say it was totally crucial for it to end up this good. He [Magnus Lindberg] was brilliantly good through this whole process. We had a very open and transparent dialog [...] and took care of the communication in a very, very good way.” (Gidefeldt\(^1\), Arla)

The employees at Gefleortens show great confidence in Lindberg’s communicative leadership and change management during the process of the acquisition. Both Gidefeldt at Arla, as well as employees perceive Gefleortens’ CEO Lindberg to have been a vital part in making the acquisition process manageable. This points out the importance to of target managerial involvement.

“I think they have done a great job actually [...] he [Magnus Lindberg] has been very involved, absolutely” (Employee\(^G^3\))

4.1.2 Channels, Richness, Frequency, and Meaning

Gidefeldt\(^1\) (Arla) argue that there always exists a demand for more information amongst employees when going through a process of change. Pointing out that there are limitations to what you can say and what kind of information you can release as responsible for the communication. The art of communication is to make people satisfied with the information you give them, by answering questions in the best way possible, without creating follow up questions (Gidefeldt\(^1\)).

“Generally, you could say that the need for communication concerning all changes is infinite. You can ask all the people in the world in a process of change if they have felt informed enough, and almost everybody will say no. [...] Because what you have inside of yourself is some uncertainty, and you want that confirmation in some way. ‘Could I get to know some more to feel safer?’” (Gidefeldt\(^1\), Arla)

Not leaving any question marks for the employees seems to have been an important factor to remove as much uncertainty as possible. By walking with them through the process and
provide answers in the best possible way would create a sense of security. However, legal and strategic restrictions to what and how rich information you can share, or not, creates restrictions in terms of how transparent you can be in an acquisition process. This is emphasized by Lindberg\(^2\) (Gefleortens):

"[...] it has been a process where we haven’t been able to tell that much since it has been confidentiality and ongoing negotiations, but we have tried to work with describing the process and time frames and when we are to make decisions." (Lindberg\(^2\), Gefleortens).

The communication and information given to the employees has been perceived as satisfying overall in terms of richness. Both of the employees’ we interviewed at Gefleortens describe that there still exists some uncertainty about the future and that they would like to have more information. However, employees (G\(^3,4\)) believe that the management was trying to be as transparent as possible, which is likely to instil trust, but also confirming the picture painted by Gidefeldt\(^1\) (Arla) of a thirst for information.

“Yes, I think that they [Gefleortens] have given us all the information that they could. [...] they probably did not know everything themselves. There are probably things that they cannot say, but I still perceive it as they have been honest and told us what they know.”

(Employee G\(^4\))

The channels in which employees are given information are several, ranging from different sorts of text messages, face-to-face communication and meetings. Trying to meet people face-to-face is seen as more important the closer they are to the core operations, but giving everybody the possibility to meet in person in order for them to ask questions is a key success factor to remove possible uncertainty. E-mails and text messages were used to reach as many people as possible at the same time, so they all felt informed and involved.

"Also, we have purchased information screens which are placed in the office and in the production facility where we post information, both the e-mails but also shorter messages about what is going on and what is changing in the company. We have also held many big meetings in which we have gathered all the employees. We usually have it once a month."

(Lindberg\(^2\), Gefleortens)
The frequency follows a plan with information generally every week, but also depending on the circumstances. It is considered important not to send out information too often since it might create an overload of information, but at the same time keep the flow of information constant as it otherwise might result in uncertainty and rumouring. Also, it has been a key concern to have a rich communication and describe what is going on as clear as possible but without interfering with the legal process and making the communication irrelevant in terms of over-informing employees.

"My ambition when I inform, regardless if it is on the owner side or if it is towards the staff, is that it should be short [...] it is better that information comes more often rather than sending long PM’s, then you don’t read. I also believe that by working in this way it is possible to prepare for a decision by starting to write about it in advance." (Lindberg\textsuperscript{2}, Gefleortens)

It became easier to perceive the intentions behind the acquisition as trustworthy when informed in person by the acquirer. Also, it shows that the channels of mainly face-to-face communication were deemed largely appropriate by employees.

"[…] Magnus and some people from Arla has been here and informed several times, had big information meetings, so that has been very good." (EmployeeG\textsuperscript{3}).

Regarding the meaning of the internal communication, it was clear from the beginning of the acquisition process and even before, that there was a need to be acquired in order to survive. Additionally, Gefleortens reaching out themselves and being proactive rather than reactive was communicated and portrayed as a strength and possibility. Lindberg\textsuperscript{2} (Gefleortens) made this the core meaning of the communication, as portrayed in the quote below:

"If you start from the beginning the message has been that it is necessary, we need to make a change. In other case, we will have great difficulties in running the company forward. We have to do this now when we have muscles to make the decision on our own. [...] when it became clear that it was Arla [which was the buyer] it has been mediated that it is perhaps not as we expected but that it was obvious when we received all the offers that Arla was the absolutely best option." (Lindberg\textsuperscript{2}, Gefleortens)
Employee statements support the CEO’s view of the communicated meaning in the internal communication. The message reached the staff and showed that the way forward was by being acquired, and this was something positive.

“A positive message, that this is the best for us all and for the job to live on […] It has been positive meetings […]” (Employee$^3$

4.1.3 Partner Organizational Attractiveness

The governance structure differs a lot between the respective organizations. Gefleortens is a small organization with short distance between the production floor and the CEO, and they are only represented in the local market. Arla on the other hand is a multinational corporation with a matrix organization, and thus they have longer distances between employees and management. Also, Arla sells their products on many national markets and is one of the largest players in the dairy industry globally.

“It is completely different in Arla which is much larger […] and it’s a miles wide difference against how we used to have it in Gefleortens earlier. Arla has a matrix organization you didn’t know beforehand […]” (Lindberg$^2$, Gefleortens)

How Arla’s organization worked was therefore to a large extent unknown by the employees at Gefleortens. The main piece of knowledge was that it was larger and different in the way it functioned in many regards. Hence, the employees moved from being a small local actor into a multinational company with over 18000 employees.

“[…] it is 50 to 60 employees and they step into a company with 18000 employees […] you perceive that Arla has slipped further apart from its owners […] Gefleortens has always been represented here locally and everyone has had direct access to the management and staff in a completely different way.” (Lindberg$^2$, Gefleortens)

One employee does not perceive the size itself as a factor of uncertainty and threat, but rather Arla itself as due to their reputation.
“I believe that it is because of Arla, it is probably the brand itself you have been a bit afraid of. I think.” (EmployeeG⁴)

The other interviewee showed scepticism towards both Arla and large organizations in general.

“I am no big fan of Arla or large organizations, the ways of decision are long [...] it is complicated when you want something done.” (EmployeeG³)

The relationship between the firms had mainly been competitive (Lindberg², Gefleortens), however they had some cooperation on an industry level through industry trade organizations (Gidefeldt¹, Arla). Through these trade organizations they communicated to target groups as a collective voice from a producer perspective. There was however no direct contact between the two organizations. Lindberg² (Gefleortens) also give further information about previous cooperation and even a withdrawn attempt of a merger between the two organizations in the 90’s. Given the fierce competition for dairy products, Arla has been viewed as a hostile entity. When asked about previous relationships between the management at Arla and Gefleortens, Lindberg² (Gefleortens) states:

“No, none actually. I had previously cooperated with Arla in terms of contacts with farmers, so I had no knowledge or relation with the management at Arla in any way.” (Lindberg², Gefleortens)

The historical image of Arla has impacted the perception of the acquisition in a negative way for employees, as they have seen them as a competitor and a threat to survival. The degree to which Arla was seen as a threat shifted between employees on the negative side of the scale.

“At first the image was a bit negative, you would have liked to see that there was someone else [that acquired Gefleortens] [...]” (EmployeeG⁴)

“Well it is like a big fish which continuously out compete the small players. That’s how it has felt. But now when we are a part of it, you just have to bite the bullet and look happy.” (EmployeeG³)
4.1.4 Partner Behavioural Attractiveness

As soon as the deal was struck between the organizations, Arla appointed a special integration group to provide assistance in the integration process. Every week HR-personnel from Arla is present at Gefleortens’ facilities to answer questions and help in the process. Also, the CEO of Arla visited Gefleortens several times to inform about the intentions.

“Arla was also great in helping us there, the CEO of Arla visited us a couple of times and informed and clarified the ambitions forward and I believe that calmed pretty much when you got to hear it from the source itself [...]” (Lindberg\textsuperscript{2}, Gefleortens)

Arla has clearly expressed an intent to keep running Gefleortens production facility after the acquisition, as well as keeping the brand which has a strong local rootedness.

“[…] the dairy production is probably pretty safe according to my picture of it since Arla has been very clear with, as far as you can say, keep driving the operations.” (Lindberg\textsuperscript{2}, Gefleortens)

The behaviour from the buying part has thus been clear and held a positive meaning towards the acquired organization and their employees. This was important for Arla in order to change the perception of them as the new owner of Gefleortens. Since Arla has been perceived as threatening, the spontaneous reactions of the acquisition amongst employees were negative. However, by communicated intentions and other efforts, Arla has displayed attractiveness and one respondent has gotten a more positive perception of them (Employee\textsuperscript{G3}). Another employee hold the same image as before, but largely due to uncertainty regarding future employment (Employee\textsuperscript{G3}).

“They have been pretty good at being here and talk to us and provide information, and then you have got the image that they want to keep on going a bit as we have done previously, and that has felt quite calming for us [...] the picture I used to have [of Arla] has changed a bit actually” (Employee\textsuperscript{G4})

“How long do we get to keep the jobs? [...] That’s what I want to know.” (Employee\textsuperscript{G3})
4.1.5 Target Responsiveness

Gefleortens did not do very well financially and was openly looking for a buyer. The smaller dairy producer could not keep up with innovation and the changing demands from the consumers (Gidefeldt¹, Arla; Lindberg², Gefleortens). If they would keep going on their own, they would face bankruptcy in a couple of years (Lindberg², Gefleortens). Gefleortens therefore conducted an evaluation of different options where Arla ended up as the best alternative for them. The fact that they had a need to be acquired had a positive effect on the perception amongst the employees. Regarding the opinion amongst the employees at Gefleortens when Arla acquired them, Gidefeldt¹ (Arla) answered like this:

“I think that for some people out there, this is probably a little bit of a disappointment, that it did not work out. It is an understanding that it did not work, but it is probably a bit like this: It is a path to go from being a Gefleortens and maybe looking at Arla as the big enemy, to actually saying that ‘I am a part of this now, now I believe in this’” (Gidefeldt¹, Arla)

The employees at Gefleortens confirmed that they knew about the situation and understood that the acquisition was necessary for their survival.

“[… we have noticed that there is less to do [production wise], so I definitely believe that there was an understanding that something had to be done.” (EmployeeG⁴)

Gidefeldt’s¹ (Arla) perception is that there are a lot of feelings involved amongst the employees at Gefleortens, a small independent organization with limited previous experience of being acquired. The prevailing perception of Arla was the big competitor which acquire small players and shut them down. The spontaneous reactions when the interviewed employees received the news that it was Arla that would acquire Gefleortens was not positive. Hence, it was crucial to eliminate uncertainty through communicating the acquisition more as an opportunity enabling operations to keep going. The employees at Gefleortens should not perceive the acquisition as a threat, but more as a transition period where the employees need to change mind-set from motivated competitors to become motivated co-workers’ (Gidefeldt¹, Arla).
“Arla made pretty big changes at that time and closed several production facilities, so I believe that stuck [...] One was basically afraid that a merger with Arla would result in a pretty immediate closing of the business [...] since the trust for Arla has not been so great one has maybe not trusted what has been said. I guess there are some people who feel that ‘It doesn’t matter, they have shut this down in two years’, no matter what you say.” (Lindberg, Gefleortens)

“ [...] first it was a bit negative, I had maybe rather seen that it was someone else, but that picture maybe changed a bit along the way actually. [...] but it is probably a bit how Arla have been seen in Sweden, maybe not in all of Sweden, but we maybe had a negative picture of them.” (EmployeeG)

4.2 About Rejlers and DynaMate

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Organization &amp; Role</th>
<th>Date &amp; Time</th>
<th>Validation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stenberg¹</td>
<td>Rejlers, Communications Manager</td>
<td>2018-04-05</td>
<td>2018-05-28</td>
</tr>
<tr>
<td>Danielsson²</td>
<td>Rejlers, CFO</td>
<td>2018-04-25</td>
<td>2018-05-26</td>
</tr>
<tr>
<td>EmployeeD³</td>
<td>DynaMate</td>
<td>2018-04-26</td>
<td>2018-05-28</td>
</tr>
<tr>
<td>EmployeeD⁴</td>
<td>DynaMate</td>
<td>2018-05-03</td>
<td>2018-05-25</td>
</tr>
</tbody>
</table>

4.2.1 Internal Communication

It was believed that the internal communication to the employees of DynaMate was handled by their own management leading up to the acquisition. Rejlers would step in and communicate directly to the employees of DynaMate after the news of the acquisition became official (Stenberg¹, Rejlers).

“When it became official that we were to acquire [DynaMate], then it [the communication] was directly [from Rejlers] to the employees.” (Stenberg¹, Rejlers)
It was desirous for Rejlers that the employees of DynaMate were given relevant information and that it was communicated properly as they otherwise would risk employees resigning. Therefore, it was deemed important to deliver the message themselves to create understanding and motivation about the deal, as well as reducing uncertainty as soon as possible after the news became official.

“[…] the management [at Rejlers] has tried to be present the entire time, and they have been able to ask us questions.” (Danielsson\textsuperscript{2}, Rejlers)

DynaMate also had a communication plan and information leading up to the acquisition was handled internally according to Stenberg\textsuperscript{1} (Rejlers) and Danielsson\textsuperscript{2} (Rejlers). However, there are different opinions as to how involved the management at DynaMate really were during the critical phase of breaking the news to the employees. Stenberg\textsuperscript{1} (Rejlers), who was not personally involved in the communication process but had been responsible for the overall communication strategy, had a positive image of the targets managerial involvement. Danielsson\textsuperscript{2} (Rejlers) also seemed convinced that DynaMate’s managerial involvement in the communicative process was substantial.

"It is only that impression [of the target managerial involvement] I’ve gotten, but I have seen their communication plan and it was very professional." (Stenberg\textsuperscript{1}, Rejlers)

“ Completely [target managerial involvement during the process]. As much as it should be. I would like to say.” (Danielsson\textsuperscript{2}, Rejlers)

Employees stated that Rejlers work with communication after the acquisition was perceived as professional and important for motivation during the process. However, they did not experience that their own managers at DynaMate were as involved and professional (EmployeeD\textsuperscript{3,4}).

“If you say the [involvement of] superior management, except for my closest manager, eh, how to put this, unprofessional […]” (EmployeeD\textsuperscript{4})
Internal communication in DynaMate regarding the acquisition was non-existent until the day it was made official (EmployeeD$^3,4$). The interviewed employees describe the release of the acquisition as shocking, since they were invited to a meeting where they would celebrate their best financial result.

“It was like they kicked your legs away. [...] just a prior notice, then one would have a completely different attitude. But I thought like this, ‘this is slavery, damn, I have been sold’, and my spontaneous thought was ‘hell no’, no one will buy me I thought.” (EmployeeD$^4$)

Hence, there was a significant discrepancy between how employees at DynaMate perceived the situation and how the management at Rejlers perceived the situation coming into the acquisition process.

4.2.2 Channels, Richness, Frequency, and Meaning

When the official news about the acquisition came, Rejlers were thorough with information to employees. They wanted to create an atmosphere where employees from the acquired firm felt welcomed and excited to come over to them. This was a critical aspect as the intent with the acquisition risked not being fulfilled otherwise. Thus, the information which went out through internal communication was rich, as it described the intent as clearly as possible (Stenberg$^1$, Rejlers). The channels used for communication to internal stakeholders were mainly face to face, but also e-mails and information on the intranet as complement.

“Face to face is to prefer, but then you always have to complement with written information since there always is someone who get surprised and someone who needs to repeat what happened” (Stenberg$^1$, Rejlers)

The information was frequent from the time the news of the acquisition became official until it was completed. Face to face meetings both in groups and in person were followed by follow up meetings where questions were discussed. This was important as it enabled to provide a uniform message to the employees.

“It was a fairly well detailed plan day-by-day the first two weeks really [...]” (Danielsson$^2$)
However, uncertainty connected to the situation is always present and can be countered with information. Keeping the frequency of the internal communication and level of information was considered difficult.

“A lot of the uncertainty is dependent on how much information we are able to get out [...] We can put out an infinite amount of information and still you will feel as an individual that it is way too little.” (Danielsson², Rejlers)

The core meaning communicated to the employees at DynaMate was that their competencies were needed for Rejlers expansion and broadening of expertise. Thus, the meaning communicated was that employees from the acquired firm should see it as an opportunity and as a positive occurrence.

“[...] it was important for us that they felt selected. That’s what we wanted to mediate to them.” (Stenberg¹, Rejlers)

Except from an opportunity, the message has also been that they are coming to an employer which care about them and want them to feel appreciated in their new roles.

“The message is that they get into a company which really see their competences and make use of it [...] and we also want to convey a feeling of security and that we are an employer which we believe they will be satisfied with.” (Danielsson², Rejlers)

Since the news of the acquisition had been a shock to the employees, Rejlers had to launch their communication plan in a difficult situation where employees had perceived that they had been let down by DynaMate. By working hard with internal communication, having a well-prepared communication strategy and showing commitment, respondents felt that Rejlers gained their trust (EmployeeD³,⁴). They thereby succeeded to bring nearly all employees with them. The communicative measures taken by Rejlers weighed up the insufficient work by DynaMate’s managers.
“Day one was a catastrophe, but then successively the headquarter bosses [at Rejlers] worked very much to address us and listen to the individual. And that was important, without that effort, then I don’t think it would have been as many that followed.” (EmployeeD³)

4.2.3 Partner Organizational Attractiveness

The former parent firm Scania is a multinational corporation while Rejlers is a comparably small organization. However, DynaMate had been a separate company, a subsidiary with a high degree of independence, while owned by Scania. After the acquisition, the DynaMate organization and employees became integrated in Rejlers’ organization, and ceased to exist separately. Hence, the acquisition meant for the employees at DynaMate that they would not be separate, which was the case before. Also, they became a part of a larger organization which was a new experience to them, even though Rejlers is significantly smaller than Scania. For one employee, the size of Rejlers was a deterring factor as the respondent feared it would not be as agile (EmployeeD⁴), for another interviewee it was rather that it was an unknown entity (EmployeeD³). Also, the role of consultant is considered as more prevalent in Rejlers as it is purely an engineering consulting firm.

“[…] you enter a consulting company […] I believe you experience a difference, that we view the consulting role clearer than before within DynaMate and Scania.” (Danielsson², Rejlers)

The employees agreed with Danielsson² (Rejlers) that Rejlers could offer a clearer professional identity, as well as further opportunities and more well-structured operations which DynaMate had been too small to do.

Prior to the acquisition, DynaMate and Rejlers had a relationship where they would cooperate on some contracts, and Danielsson² (Rejlers) perceive that Rejlers and DynaMate in knew each other fairly well.

“They probably knew each other within the groups which are affected [by the acquisition].”  
(Danielsson², Rejlers)

However, the employees at DynaMate did not really perceive that they knew Rejlers well, they rather knew of them but not closely.
“I knew about Rejlers on a surface level, that it was a competitor, that we are in the same area [...] We had a small cooperation with them, they weren't entirely new to us, but it was not within our field of work, it was a completely different side-track.” (EmployeeD³)

4.2.4 Partner Behavioural Attractiveness
For Rejlers, it was important to be perceived as an attractive employer to be able to keep the personnel from the acquired firm. Thus, they placed a strong focus on communicating and showing their behaviour as an employer (Stenberg¹, Rejlers; Danielsson², Rejlers). When the deal was struck and Rejlers had acquired DynaMate, Rejlers gathered the employees and informed them about the situation, and who they were as an employer. The management from Rejlers was also present when presenting their view of the acquisition.

“The CEO [of Rejlers] has been out and talked and showed what we think about this, and the management has tried to be present at all times, and that you have been able to ask questions to us.” (Danielsson², Rejlers)

Employees were mostly satisfied with the behaviour shown during the acquisition. Rejlers had generally behaved well and had done a good job with presenting their offer and way forward. It was perceived as important for the trustworthiness of the acquirer that managers from Rejlers came to DynaMate, showing interest and offering support.

“When the emotions had calmed down after day one, when Rejlers started to show engagement around day two or three, then the image changed, from total downfall to feeling ‘I want to be a part of this’ [...] It feels positive, it feels as if Rejlers has goals and visions in line with my own. The CEO and other managers showed interest in us and wanted us to thrive [...]” (EmployeeD³)

One employee was a bit dissatisfied with the reception they had gotten from Rejlers, which he felt took for granted that employees would stay on-board. However, the general perception of the integration process was positive (EmployeeD³,4).
“[…] they took for granted that all of us would go over to them. They talked to us as if it was already settled […]” (EmployeeD4)

“Rejlers is good, I mean it’s a good place to come to, and that made me more and more confident and felt that, ah, maybe I should try anyway then. But I was still very angry at DynaMate for deceiving us.” (EmployeeD4)

“[…] they show great commitment towards us, and they want to enable us to grow as people.” (EmployeeD3)

The communicated intentions were similar to those of the message being put out, that Rejlers were looking to broaden their business area and gain a better customer base. Rejlers have a stated plan of expansion and DynaMate’s consulting division had complementing competencies which Rejlers sought to acquire (Stenberg1, Rejlers; Danielsson2, Rejlers). The intentions behind the acquisition were understood by employees as well.

“[…] they conveyed a picture that Rejler’s needs to grow and that we as a group was important in that role […] and now that we have landed in the organization I understand why they needed it. It is important with acquisitions in order to expand.” (EmployeeD3)

EmployeeD4 also believed that they got acquired because of DynaMate’s good reputation and growing business.

“If you can’t beat them, buy them, haha.” (EmployeeD4)

4.2.5 Target Responsiveness

The acquisitive experience was limited for DynaMate and constituted a type of threat for employees and an uncertainty. It was not mainly the acquisition itself, but rather the risks it posed to professional identity, belonging and motivation (EmployeeD3, 4). Since the timeline between the announcement of the acquisition and the organizational integration was short and employees did not have prior knowledge of it, there had been no mental preparation for it. Thus, employees had not been able to process the news and leverage it to their advantage.
Rejlers has acquired companies before and perceived themselves as well prepared for the event. This perception was to a large extent shared by the employee respondents as well. They experienced an overall professional experience; however one respondent believed that Rejlers was not prepared enough for the integration in other more practical areas, such as offices and work clothes for the new employees coming into the organization. Also, describing how Rejlers could not answer all questions immediately, the employee thought that they had been taken a bit by surprise by the acquisition as well.

“[…] so they were as taken by surprise as we were, that’s how it felt at least […] the offices weren’t cleared out and there were no places to sit […]” (EmployeeD⁴)

Directives had gone out from the owner Scania that DynaMate’s engineering consulting division was to be sold off and it was DynaMate who reached out to Rejlers with the offer (Danielsson², Rejlers). Danielsson² (Rejlers) perceived that it was a facilitating factor that DynaMate came to them and no the other way around, as it would be easier for employees to understand the situation.

“[…] it is easier to make the transition smooth and it is also simpler to get the employees to understand […]” (Danielsson², Rejlers)

Rejlers seems to have perceived that employees at DynaMate knew more of their situation than they actually did. However, interviewees coming from DynaMate stated that they did not have prior knowledge about the acquisition, and was taken by surprise by the news. The following quote highlight the discrepancies between the knowledge of the acquirer Rejlers and the acquired target:

“We had been called to a Monday meeting because we had done our best result. So, we were to celebrate […] then came the presentation that we had been acquired and then I guess the emotions came and it was like, how to describe it, someone pulled out the rug from beneath us […]” (EmployeeD³)

Interviewed employees mean that their own management were to blame for the lack of information about the wish from the owners to utter DynaMate (EmployeeD³, ⁴).
“We had really only one manager who could work and he had work up to his ass because he had 30 employees to think about. [...] our closest manager, which maybe should have been able to mediate and deliver, failed to do so, so my perception is that it fell within our own ranks.” (EmployeeD³)

Consequently, the lack of information and thus understanding of the acquisitive situation created uncertainty and led to the situation being perceived as a threat and a defeat almost. The threat was perceived to be in terms of loss of identity and belonging as well as getting new and possibly unknown work tasks, but not in a fear of losing one’s employment.
5 Analysis

5.1 Internal Communication

When comparing our results from the empirical research with theory on the subject, we can see that the internal communication strategy used in respective case was crucial to alter employee perceptions about the acquisition. The literature review showed how important communication can be for an organization in terms of building relationships, effectiveness and the overall performance (Karanges et al., 2015; Welch, 2012; Ruck & Welch, 2011), and this was evident in the empirical findings. In both cases, internal communication was used to provide information to employees, which changed perceptions and managed uncertainty in the acquisition process, aligned with Karanges et al. (2015), Angwin et al. (2014) and Welch (2012).

The case with Arla acquiring Gefleortens showed how it is possible to prepare employees for a decision and change by means of internal communication and to steer the perception of the employees (Lindberg). Creating an understanding of pre-acquisition perceptions amongst employees and structure the internal communication from that, made the employees better prepared to receive the information than they would have been otherwise. For DynaMate employees, the news of the acquisition came as a shock as they were not prepared for it, i.e. they had not been provided with information prior to the events about to take place (EmployeeD). Respondents stated that perceptions probably would have been different if they had been informed in advance and not surprised at their morning meeting. Preparation for a decision is therefore another important factor that internal communication fill.

Face to face communication was used frequently by managers in both cases and was well received by employees (EmployeesG, EmployeesD). Also, other channels were used to provide complementary information, to ease uncertainty, which led to that the internal communication strategy was perceived as appropriate. According to Ruck & Welch (2011) the focus of internal communication has often been on managerial preferences, but it was not the situation in the cases investigated here as employees perceived the communication to be employee centric. Consequently, the channels of internal communication were perceived as important for the reception of the messages, much aligned with the literature review.
Gidefeldt¹ (Arla) and Danielsson² (Rejlers) argued that there always exists a demand for more information during an acquisition process, since employees want to get more information to feel less uncertain. However, communicating information too frequently can, on the other hand, be counterproductive and create uncertainty (Angwin et al., 2014). Employees from both Gefleortens and DynaMate perceived the frequency as satisfying. Still, one respondent from Gefleortens mentioned a feeling of uncertainty in the moment of the interview, as information had started to come less often (EmployeeG³). This points out just how difficult internal communication is to manage.

The richness of the communication is another important determining factor for how employees will perceive communication (Ruck & Welch, 2011). In the case of Arla acquiring Gefleortens, Lindberg² (Gefleortens) described the process as detailed as possible to the employees, without risking breaking any confidentiality agreements. This was a key factor in the creation of understanding and in the building of trust amongst the employees during the process, which is of great importance to reduce uncertainty (Maire & Collerette, 2011). The news of the acquisition came as a surprise for the employees at DynaMate, since prior communication had been absent. After the acquisition when Rejlers took over, they were thorough in describing what would happen, and also in conveying a positive meaning in their communication. Similarly, Arla communicated that the employees should perceive the acquisition as an opportunity (Gidefeldt¹, Arla).

Arla and Gefleortens were competent in leveraging the positive implications as they had started to prepare in advance for the decision. Rejlers had to start in an uphill with employee perceptions being negative, yet they managed to convey the meaning in their communication that the acquisition was an opportunity and thus changed many negative perceptions held by employees. Demer et al. (2003) emphasize that the meaning of communication is an important factor for success in internal communication. Both Rejlers as well as Arla and Gefleortens built a positive meaning, which employees perceived as well. They could process and accept the meaning via communicating internally by using appropriate channels, appropriate amount of information and delivering it frequent enough.

To summarize and give the reader a better overview, we have compiled the empirical data regarding internal communication in Table 4 below.
Table 4: Internal communication overview

<table>
<thead>
<tr>
<th>Internal communication</th>
<th>Arla Gefleortens</th>
<th>Rejlers DynaMate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Channels</strong></td>
<td>Face to face</td>
<td>Face to face</td>
</tr>
<tr>
<td></td>
<td>E-mail</td>
<td>E-mail</td>
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<tr>
<td></td>
<td>Info-screens</td>
<td>Intranet</td>
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<td><strong>Sender</strong></td>
<td>Primarily</td>
<td>Rejlers</td>
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<tr>
<td>(Target Managerial</td>
<td>Gefleortens,</td>
<td>Rejlers</td>
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<tr>
<td>Involvement)</td>
<td>secondly Arla</td>
<td>Rejlers</td>
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<td>Rich information</td>
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<td>Supplementary</td>
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<td></td>
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<td><strong>Frequency</strong></td>
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<tr>
<td><strong>Meaning</strong></td>
<td>Intentions</td>
<td>Supplementary</td>
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</table>

5.2 Partner Attractiveness & Target Responsiveness

Both cases involved organizations with good organizational fit since they operated in the same industries. The acquired firms were smaller and thereby joined into bigger organizations. These factors were expressed to be positive and opportunistic by the employees, since they would keep the same tasks and have an opportunity to grow within the larger organization (EmployeeG^D^3). The historical relationship between DynaMate and Rejlers was perceived to be good by Rejlers management, but when interviewing the employees at DynaMate, there was a clear discrepancy in how that relationship was seen. According to them, they did not know Rejlers well at all and the cooperation had only been in terms of minor projects outside their main areas (EmployeeD^3^4). The perception of Rejlers was neither positive nor negative in comparison to the perception of Arla at Gefleortens, which was perceived in a highly unfavourable way.

To be familiar with the acquiring firm would normally create a less suspicious and threatening perception amongst the employees (Teerikangas, 2012). This is, however, not the case at Gefleortens due to the perception of Arla as a fierce competitor (EmployeeG^3^4). It rather created uncertainty, since the employees knew that Arla had acquired other competitors just to shut them down (EmployeeG^3^4). The feeling of coming from a small local firm and being acquired by the big multinational competitor was also seen as a threat.
(EmployeeG$^{3,4}$), confirming the theoretical ground for perceived partner attractiveness (Teerikangas, 2012).

Rejlers, as a family owned company, was not perceived as a threat, but was rather seen as an opportunity, since they were more in line with the professional identity of the acquired employees than the previous owner Scania (EmployeeD$^{3,4}$). Rejlers were also perceived as eager to invest, develop and grow within the acquired employees’ area of profession. Even if the employees at DynaMate previously had a bigger parent firm in terms of size, they did see DynaMate as a detached smaller unit, and thereby experienced it as becoming part of a bigger organization, since they were acquired by Rejlers. Employees from both cases perceived it as coming to bigger firms, with more complex and less agile governing structures. This might be seen as a threat, but since the acquisitions were recent in time, the employees interviewed thought it was too early to elaborate on this matter.

The behaviour of the acquiring firm is determined by the communicated intentions (Teerikangas, 2012). It is also seen as critical to establish a good connection with the acquired firm and the target management already in the pre-acquisition face. If this is done, target management can secure employee motivation in the acquired organization. Gidefeldt at Arla established a good relationship with Lindberg, CEO at Gefleortens. Lindberg communicated the need for Gefleortens to be acquired, and succeeded to ensure the employees that the acquisition by Arla was the best available option for them (Lindberg$^2$, Gefleortens). This removed uncertainty among the employees and made it possible to perceive the situation as a necessity with possible positive outcomes, which gave them motivation in the process of organizational change.

Rejlers, on the other hand, overestimated the connection they had with the management at DynaMate, who would be perceived as unprofessional by the employees throughout the whole process (EmployeeD$^{3,4}$). Stenberg$^1$ (Rejlers) and Danielsson$^2$ (Rejlers) however, perceived the DynaMate management as professional. The employees at DynaMate did not get any prior information regarding the need to be acquired or the acquisition itself before the official announcement that they had been acquired, and they felt that all the information came straight from Rejlers and not from the management at DynaMate. The failure to involve the target management at DynaMate in a better way and establish the perceived need to be acquired among the employees in a pre-acquisition phase, made the employees perceive the
acquisition more as a threat than it necessarily was in this case (EmployeeD\textsuperscript{3,4}). A perceived need to be acquired amongst employees is more likely to make them perceive the acquisition as an opportunity rather than a threat (Teerikangas, 2012). The target responsiveness and the way the employees perceived the news of the acquisition would have been different if pre-acquisition communication had been better.

In both cases, the acquiring firms focused on communicating the positive and opportunistic sides of the acquisition rather than addressed the negative sides in terms of concerns and fears amongst employees. This reassured the employees that the future was brighter and offered more opportunities. The employees at DynaMate even expressed that Rejlers committed communication was crucial for them to find motivation and not resign due to the feeling of being deceived by the management at DynaMate (EmployeeD\textsuperscript{4}).

To summarize and give the reader a better overview, we have compiled the empirical data regarding employee perceptions in Table 5 below. We will also show where we perceived differences (red) and similarities (green) between the cases in our own model (Figure 2). Further elaborations are then done on these differences and similarities.

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Gefleortens</th>
<th>DynaMate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception about acquisition</td>
<td>Uncertainty, necessity</td>
<td>Uncertainty, surprise, anger</td>
</tr>
<tr>
<td>Perception about acquirer</td>
<td>Uncertainty, threat</td>
<td>Little knowledge, competent organization</td>
</tr>
<tr>
<td>Communicated intentions</td>
<td>Positive meaning, opportunity to keep the production going</td>
<td>Positive meaning, opportunity to expand the area of competence</td>
</tr>
<tr>
<td>Internal communication</td>
<td>Reducing uncertainty, creating understanding and motivation</td>
<td>Reducing uncertainty, creating understanding and motivation</td>
</tr>
<tr>
<td>Target managerial involvement</td>
<td>High levels of involvement</td>
<td>Low levels of involvement</td>
</tr>
<tr>
<td>Perceived possibilities stemming from the acquisition</td>
<td>Survival, career opportunities</td>
<td>Career opportunities, clearer professional identity, willingness to invest in employees, better structuring of work</td>
</tr>
</tbody>
</table>

Table 5: Employee perceptions overview
5.3 Differences

The involvement of employees in the process was different between the cases studied. Gefleortens was transparent with their employees from the beginning and communicated internally that they were looking for a buyer. Lindberg\(^2\) (Gefleortens) explained that they looked at different options, and when they decided for Arla it seems like the employees had great trust in the decision, even though they would have liked to see another acquirer (EmployeeG\(^3,4\)). The study of DynaMate’s communication process shows the importance of...
preparing the employees mentally by continuous communication. The employees at DynaMate did not get any information before the day the acquisition went through and was announced. This created a feeling that the management at DynaMate was deceiving the employees by not being transparent and managing the process entirely without the involving or communicating with employees.

The most interesting finding was the discrepancy in perspectives between the management at Rejlers and the employees at DynaMate when the information regarding the acquisition was released. The respondents at Rejlers described the communication regarding the acquisition as successful, while the employees at DynaMate described it as a catastrophe in the early stages (EmployeeD3,4). The discrepancy between Rejlers management and employees in DynaMate constituted the most substantial challenge of the factors investigated. However, the employees at DynaMate also expressed that Rejlers continuous communication after the release day was crucial to turn the negative perception around. The respondents at Arla and Gefleortens had less discrepancy in their perceptions. Gidefeldt (Arla), the Director of Communication, knew that they had a bad reputation among the employees of Gefleortens since before. Respondents also stated that they would have liked to see another buyer, this indicates that the perceived fear of Arla was the most significant challenge in this case. By having that knowledge and self-understanding it could therefore be leveraged in the internal communication to ease uncertainty and change perceptions.

The negative perceptions that arose around the lack of pre-acquisition communication were avoidable, according to the employees of DynaMate. Gefleortens pre-acquisition communication is a clear example of how to avoid perceptions of distrust, threat and uncertainty regarding the organizational change. Even if the perception of the acquiring firm was worse among the employees at Gefleortens, they did not experience the same dip in confidence. The management was transparent with the process and was continuously communicating before the acquisition, which made them better prepared for the organizational change. Interestingly, Arla were aware of their most important challenge, i.e. employee perceptions while Rejlers perceived themselves as having a sound understanding of the situation.
Both Gefleortens and DynaMate needed to be acquired, and were the parties initiating contact with their respective buyers. Gefleortens communicated this internally to their employees which created a higher understanding. DynaMate chose not to notify their employees about this need, failing to create the same understanding.

Another variable that was different between the two cases was the target managerial involvement. At Gefleortens, the management with CEO Lindberg in the forefront was highly involved throughout the whole process of the acquisition and Lindberg also handled most of the communication to the employees. Arla chose to channel their communication much through Gefleortens management since the employees had a closer relationship with them, and therefore a higher degree of trust that would create less uncertainty. Gidefeldt¹ (Arla) explained the importance of involving the management at Gefleortens since he thought that it would send out undesirable signals if they themselves would have told the employees in the acquired organization that the acquisition would be an opportunity. The target management at DynaMate did not involve the employees in the pre-acquisition phase (EmployeeD³,⁴). Communication was therefore basically non-existent before the acquisition, and DynaMate’s management also failed to deliver during the process according to the employees we interviewed. This is probably based in DynaMate’s management having too little experience, knowledge and preparation. However, since the burden to rebuild the loss of trust falls on Rejlers in the end, they should perhaps have been more engaged in preparing and helping the management at DynaMate. Working more actively with the management at DynaMate could have ensured employee motivation and eased the negative shock.

5.4 Similarities
Taking the lack of communication from the management at DynaMate out of the equation, both cases were similar in that they had well planned and executed strategies for internal communication. Coming into the acquisition process, employees perceived threats and lack of motivation. The perceived threats came from different sources in the respective cases, however, the perceptions of the acquisitions were negative amongst all employees interviewed.

Gefleortens employees experienced threats to their job security because of the fearful perception they had of Arla. This primarily stemmed from the historical image they had of
them as a company (Lindberg, Gefleortens; Gidefeldt, Arla; EmployeeG). Gefleortens were also a small organization, which now had become acquired by the giant competitor Arla. Thus, the nature of their relationship made the acquisition to be perceived as threatening. The perceptions amongst employees coming into the acquisition process were taken into consideration when crafting the strategy for internal communication. The acquiring- and the acquired organization saw eye to eye on how the internal communication should be handled, and therefore most of the communicated information came from within the own ranks at Gefleortens. The channels and richness of the communication as well as the frequency and meaning were well received and accepted by employees, which made at least one employee to a significant extent alter the perception of the acquisition. The involvement and communication of intent from the acquiring firm was also important for employee perceptions during the process as it enabled building of trust for Arla. Respondents experienced it as sincere to hear it from primary source themselves. Hence, from the acquisition and the acquirer being viewed as a threat, internal communication made it possible to change the perceptions and instil a sense of opportunity.

Similarly, the reactions amongst employees at DynaMate were negative when hearing about the acquisition. Rejlers had to start in an uphill to convince employees and change perceptions to get them to follow during the acquisition process. The internal communication efforts in which the intent was conveyed through appropriate channels, mainly face to face, made employees accept the situation and gradually but over a short period of time perceive the event as an opportunity. Other channels used for the purpose, as well as the richness, frequency and meaning of the communication, were well received by employees and created the perception of opportunity needed for them to in fact come over to Rejlers and become a part of their organization.

In both cases, it is important to take the similar requisite of the spirit of the acquisitions into consideration. Arla as well as Rejlers meant that these were positive occasions for employees in the acquired organizations. No matter how important the intentions behind the acquisitions were for the employee perceptions itself, without a well planned and executed internal communication strategy it would not have been possible to change employee perceptions to the degree it was. By communicating the intentions through the right channels, with sufficient information at the right times, it was possible to alter employee perceptions from negative to positive perceptions.
6 Discussion

The two cases we have studied in this thesis involve different organizations in industries far from similar to each other. Arla, a multinational organization in the dairy industry, acquired their small competitor Gefleortens, and Rejlers, a listed engineering consulting firm, acquired DynaMate. Organizations are, however, made up by its people and the intriguing differences are not found by scratching the surface but rather by investigating the perceptions of individuals involved and how they responded to internal communication.

The communicative leadership together with the communication strategy was crucial for the success of managing employee perceptions in both cases. For instance, by not taking the fearful perception of Arla into consideration, or by just taking for granted that employees from DynaMate would come over without some persuasion, the processes could have encountered severe difficulties and perhaps even failure. Failing to live up to set expectations could have set back the acquirers and been a costly affair. However, since both of these cases are close in time it is too early to make any real assumptions as to how successful they have been in terms of financial performance and other key performance indicators. This was not the purpose with the study either, though we can say that in terms of managing employee perceptions, both outcomes have been successful as far as we can say.

The key to be successful in the internal communication were in these cases to have awareness about employee perceptions from the managerial side. Even though Rejlers did not have as good understanding of employee perceptions as in the case of Arla and Gefleortens, they have acquired companies before and likely have a solid understanding of how to welcome new people from acquired organizations. Howsoever, if the channels, frequency, richness and meaning had not been thoroughly in place in an internal communication strategy, it would probably not have fulfilled its purpose on its own. Employees would not have embraced the communicated intentions if the communication strategy had not taken the perceptions into consideration. Likewise, with solely an understanding of employee perceptions without internal communication, the employee perceptions could not have been handled. Hence, it was of importance when communicating internally in the context of the acquisitions, that the communication strategy was on point and that it was built on an understanding of employee perceptions.
Employee perceptions lie outside the boundaries of direct control for management (Power et al., 2009), but could be managed by internal communication which is in the direct control of management. This demonstrates how difficult and important it is to be able to handle the tool of internal communication for strategic purposes during disruptive periods in organizations, such as in the case of an acquisition.
7 Conclusion

We have investigated the following research question in this thesis: *How does the structure of managerial communication affect employee perceptions?* From the cases studied, we have concluded that managers need to create an understanding of pre-acquisition employee perceptions and take them into account when structuring the internal communication. To change perceptions amongst employees, they first need to create an understanding of them in the first place, and act upon what they know. Sufficient involvement from both partner and target management when communicating is concluded to be vital during an acquisition process. Even if it was the management at DynaMate that did not communicate internally in the pre-acquisition process, it is still Rejlers that has to face the consequences. It is therefore of Rejlers uttermost interest to make sure that the employees of their future acquisitions are better prepared. Working actively to involve the target management would avoid starting the process in a steep uphill. The case of Arla acquiring Gefleortens reveals the weight and importance of communicating internally to prepare for a major change. Knowing employee perceptions about an acquirer and on what basis they are built on, enables for tailoring of a communication strategy, turning fear and uncertainty into perceived opportunities and motivation. Since employee perceptions of an acquisition and acquiring part is not something static, it is fully possible to manage employee perceptions by means of internal communication. The degree of understanding of the perceptions held by employees amongst managers were, in these cases, a key to ensure successful internal communication in the context of an acquisition.

7.1 Future Research

Our suggestion for future research on the topic internal communication and of employee perceptions in the context of an acquisition is to try our causal model in another study with several case organizations. By conducting such a study, our model (*Hindstrom-Tullstrom model*) can be verified or dismissed, expanded or altered. In that way, a framework for internal communication that can assist in managing employee perceptions can be established which would be of great use for both theoreticians as well as practitioners.
References:


Internet sources:


Appendix A

Interview guide Management

Introduction

Kan du beskriva din roll inom organisationen?
Vad var era intentioner med uppköpet?
  - Målsättning (offensiv eller defensiv), synergi, marknadsposition osv.
  - Förvärvade ni hela organisationen?
Kan du beskriva kort den uppköpta organisationen?

Partner organizational attractiveness

Hur såg relationen mellan företagen ut innan uppköpet?
Kände ledningen varandra?
Hade företagen samarbetat tidigare?

Hur attraktiv var partnern ur en organisatorisk synvinkel?
Upplever du att bolagsstrukturen ser liknande ut hos respektive organisation?
Hur var ”the organizational fit”?

Target cognitive responsiveness

Hur såg erfarenheten ut av att köpa upp / bli uppköpt?
  - Har det uppköpta bolaget varit ägt av någon annan tidigare
  - Hur skiljer ni er isåfall som ägare tror du? (Organisationsstrukturer osv)
  - Har det köpande bolaget genomfört liknande uppköp tidigare?

Target strategic responsiveness

Fanns det ett behov från det uppköpta företaget att bli uppköpt?
  - Hur såg detta ut?
**Partner behavioral Attractiveness**

Kommunicerade avsikter?
- Varför valde ni den integrations-/kommunikationsstrategi ni gjorde?
Hur betedde sig den andra parten i era ögon?
Hur involverad var ledningen på det uppköpta bolaget i processen?
Uppstod det några rykten, frågetecken eller feltolkningar av information under processen?

**Internal communication, richness, frequency, channels, meaning**

Hur mycket information angående uppköpet/sammanslagningen delgav ni de anställda på det uppköpta företaget?
Hur ofta delgav ni information till de anställda på det uppköpta företaget?
Vilka kanaler använde ni er av för att nå ut med information?
Vilken typ av budskap ville ni förmedla till de anställda?
Hur tydligt beskrev ni era intentioner med uppköpet?

**Experienced employee perceptions**

Hur tror du att de anställda på uppköpta bolaget ser på uppköpet?
Anser du att de borde se uppköpet som ett hot eller som en möjlighet?
- Kan du beskriva varför?
- Motiverade eller osäkra anställda?
  - (Tycker du att ni förmedlat just detta på ett bra sätt?)
  - Tror du att de anställda i den uppköpta organisationen kommer hålla med dig?

Uppföljning, integration

Personal som inte följt med?

Är det något vi inte frågat som du känner att vi har missat?
Appendix B

Interview guide Employees

Introduction

Skulle du kunna börja med att beskriva din roll inom organisationen?
Har den förändrats sedan uppköpet?
Vad var din spontana reaktion när du fick höra att Rejlers skulle köpa upp DynaMate?
Förändrades din syn på uppköpet under processens gång?
Hur tycker du att informationen varit kring uppköpet?
Hur ser du på uppköpet så här i efterhand?

Internal communication, richness, frequency, channels, meaning

Hur mycket information har ni fått under processen?
Anser du att ni som anställda fått tillräckligt med information?

Hur frekvent har ni fått information?

På vilket sätt har man kommunikerat till er anställda? Genom vilka kanaler?
Hur såg du på dessa? Kunde de skett på något bättre sätt?

Vilket budskap tycker du blivit förmedlat genom kommunikationen?

Employee perceptions

Hur uppfattade du det att vara en del av den nya organisationen?
- Hur rimmar det med din yrkesidentitet?
Hur är dina uppfattningar kring att ägarskapet förändrats?

Tillhörighet till organisationen? Har den förändrats?
Target strategic responsiveness

Upplever du att det fanns ett behov av att bli uppköpta?
Hur påverkade det din uppfattning av uppköpet?

Partner organizational attractiveness

Hur attraktiv uppfattar du att Rejlers är som ägare?
Ser du det som positivt/negativt att det var Rejlers som var köparen?

Partner Behavioral Attractiveness

Vilka intentioner uppfattade du att Rejlers hade med uppköpet?
Hur har Rejlers betett sig under denna processen enligt dig?
Hur mycket hänsyn har de tagit till er som anställda?

Target cognitive responsiveness

Hur uppfattade du Rejlers innan uppköpet?
Har din bild förändrats?

Extra frågor

Vi hörde att det var några anställda som hade hoppat av vid uppköpet. Har du någon insikt i varför de valde att lämna?

Hur har uppsöktningen varit hos er anställda i termer av motivation, engagemang och nöjdhet?