

POST-MERGER INTEGRATION ISSUES: A LONGITUDINAL PUBLIC SECTOR CASE-STUDY

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Abstract

Employee resistance to change draws on conventional knowledge and prior research. Hence resistance is presupposed before a merger. In the literature advice is given on how to minimize resistance to change. A main recommendation is to inform and communicate extensively to down-play feelings of anxiety and support involvement. Nevertheless, post-merger integrations are known to be problematic and seldom achieve the predicted success. This longitudinal case-study follows a merger from the administrators' perspective. Prior empirical findings were promising for the post-merger implementation and showed administrators who welcomed the merger. Furthermore, they were happy with the overall merger information and found themselves fully participating in the change processes. The recent findings (after the merger) showed that the administrators experienced lowered productivity, higher fragmentation of the workday and less involvement. Furthermore, the information and communication had been changed after the merger. The human factor is important to acknowledge for preventing post-merger failure and the findings from this longitudinal case-study highlights the importance of maintaining positive employee perceptions after a merger. The longitudinal case-study aims at adding to the knowledge base on facilitating post-merger implementations.

Key words: importance of information and involvement in organizational changes, merger in public sector, post-merger integration (PMI), resistance to changes.

Introduction

Post-merger integrations (PMI) are known to fail more often than they succeed (Alaranta & Martela, 2010; Blake & Mouton, 1984; Epstein, 2004; Marks & Cutcliffe, 1988). Hence it is of importance for management that those problems are further investigated in order to find issues that could facilitate the PMI processes with a focus on the human factor that could either contribute to or hinder a merger process. This article reports on a longitudinal case study that follows a merger between two public sector organizations from the administrators' view point. Perceptions and opinions of their Information Systems (IS), routines, information/communication and their overall work situation are investigated throughout the merger (Lundqvist, 2009, 2010a, 2010b, 2010c) (Figure 1).

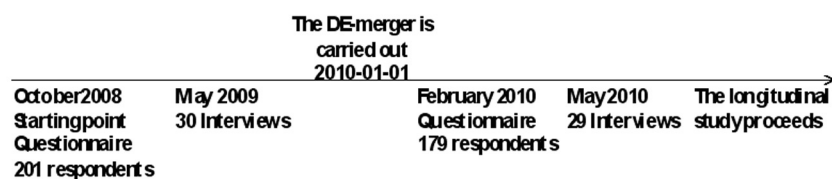


Figure 1: The timeline of the ongoing case-study.

Prior findings, from studies realized before and during the merger (Lundqvist, 2009, 2010a, 2010b, 2010c), showed conflicting findings compared to what is mostly argued in the literature about resistance to changes and also to what is conventional wisdom regarding resistance to change. A majority of the administrators showed high self-confidence regarding their competencies and ability to learn to handle new IS (Lundqvist, 2009). Furthermore, they were explicitly open-minded to reengineering of their duties and IS and were not worried because of the merger (Lundqvist, 2010b, 2010c). A majority also felt that their knowledge had been utilized in the merger processes and that they had received plenty of overall merger information; for example in various channels such as physical meetings with top management. The information was available via various channels and given shortly after decisions were made (Lundqvist, 2010c). A majority of the administrators were convinced of their usefulness to their (former) organizations (Lundqvist, 2010a). The most important issues for being effective were to be allowed to take on responsibility for one's work; to like the job assignment and to have a positive atmosphere at work as well as being allowed to work independently – judging by the administrators' rankings (Lundqvist, 2010a). Common advice on how to communicate during a merger also seemed to have been applied. However, some of the administrators found the most interesting individual information to be missing. For example they did not know what would happen to them after the merger – e.g. if they could stay at the same place of work with the same colleagues or if they actually could lose their job and if they had to learn new routines and/or IS in case of changes. During, for example, physical meetings information was revealed about postponed decisions which made it clear that the problems were not being ignored even if there was nothing specific to tell for the moment (Lundqvist, 2010c).

Document reading showed that the new top managers were appointed very late in the merger process. The former top managers did not continue their employment after the DE-merger was carried out. Still, they were highly involved in the decision making during the process and those decisions were likely to have influenced the merger implementation – at least in its earliest phases. The new managers that were appointed had not been working in any of the former organizations. The late change in top management was pointed out in some of the interviews as a cause for the lack of specific information, about what would happen to the administrators' job after the merger. The argument was that many administrative decisions were likely to have been postponed due to the shift of top management. However, a majority were looking forward to the DE-merger with anticipation (Lundqvist, 2010c). In order to understand more about how to prevent post-merger implementation it is important to understand what issues could be helpful for keeping the administrators positively inclined towards the merger - even after it was carried out. In the section below the discussed research problem's relevance for, and connection to, the DE-merger is emphasized (*italics*).

Problem of Research

Mergers and acquisitions often worry and upset the personnel so they will act with resistance to the changes (Abrahamsson, 2000; Empson, 2000; Gash & Orlikowski, 1991; Herron, Dean, Crane & Falcone, 1999; Kotter & Schlesinger, 2008; Lawrence, 1969; Schweiger, Ivancevich & Power, 1987; Smith, 2005; Washington & Hacker, 2005). Employees that are resistant to change could notwithstanding be resources since their discursive struggles for contesting and justifying decisions could lead to transforming of discourses necessary for the organization (Erkama, 2010; Ford, Ford & D'Amelio, 2008). A positive example of well-managed rebuilding after a merger was given by Marks and Mirvis (1992) in their article on how to deal with "survivor sickness" i.e. among those who was not affected by a down-sizing (e.g. due to a merger) and therefore they have to handle the new work-situation with all it would imply. They argue the need for management to focus on the building of a new work

culture among team members from differing cultures and “to establish a new modus operandi in their teams” (Marks & Mirvis, 1992, p. 22). Apart from this a changed job situation, including the prospect of mastering new IS and adapting to new routines, could be intimidating on an individual level. Pentland, Haerm, and Hillison (2010) define routines as recurrent patterns of action and argue that the same routine can generate many different patterns. The employees could be worried about possible unemployment as well, and in the DE-merger there was a potential risk that the administrators should have to change their place of work and thereby have to leave colleagues they could have been working with for several years. The fact that the same type of duties occurred in both the former organizations would most likely bring on a synchronization of the routines after the DE-merger since the same routine could be carried out in different ways according to Pentland et al. (2010).

In a merger the management need to be prepared for employee reactions of resistance that could be manifested as: lowered productivity, motivation and performance, adherence to (old) routines, compulsive repetitive actions (e.g. sabotage), absenteeism, voluntary turnover, health problems and power struggles – partly due to the fact that employee requirements are not always considered in a merger planning (Alaranta & Viljanen, 2004; Cartwright & Cooper, 1995; Marks & Mirvis, 1992). However, Collins (2001, p. 89) argues that the “right” people (i.e. disciplined people, with disciplined thoughts and action) do not need to be motivated or lead since “they will be self-motivated” – so, the focus should be on who have been hired in the first place – or rather on who you decide should stay after an organizational change has been carried out. Collins (2001, p.59) declares that: “When you decide to sell off your problems, don’t sell off our best people”. Furthermore, Collins (2001) argues that decisions about who could stay or leave should be delivered to those concerned as soon as possible – since there is no gain in postponing bad news, and people need to go on with their lives anyway.

Because the employees are often anxious, and experience a lack of information about their job situation when the context of their employment is changing the management’s actions are crucial. The managers need to act in an open and honest way towards employees that are facing an organizational change and carry out a realistic communication. A realistic communication is needed to ensure that employees are able to cope with the effects of a merger. Employees need to re-establish their comfort zones which require a trust in the correctness of the information provided and also that nothing is hidden or withheld from them. It is better to inform, even when there is nothing new to say and decisions have been postponed, than to be silent. The employees naturally want to know what is going on anyway. During early phases of a change (e.g. a merger) there could be ongoing negotiations that make it difficult for the managers to be totally open. Despite this the recommendation is still to communicate no matter what – in order to avoid rumours – and to declare the difficulties of revealing everything when the parties still are conducting negotiations. The latter is an example of communication even in difficult situations that could be helpful for employee trust and for re-establishing comfort-zones. Withholding information can cause rumours that are often worse than reality. (Empson, 2000; Hallier, 2000; Ivancevich, 1987; Kets de Vries & Balazs, 1997; Napier, Simmons & Stratton, 1989; Schweiger et al., 1987; Schweiger & Weber, 1989; Schweiger & Denisi, 1991). *A clear majority of the administrators in the DE-merger were happy with the information and communication they got before the merger. Despite the lack of specific information, about their own situation after the merger, – they were still positive about the merger and the approaching changes (Lundqvist, 2009, 2010b, 2010c).*

In the literature it is sometimes argued that there is a need for management to acknowledge those who are sceptical towards an organizational change as well as those who are positive. To pay attention to those who are against changes could counter gossip and rumours but also make those who are sceptical more favourably disposed. There is less probability for the naysayers’ opinions to be adopted by others or rooted in the organization if the management carry out a

sound and realistic communication with those who do not find the changes to be acceptable and who are afraid of the changes. However, finding ways to reach those who are reluctant and obstructive often requires small steps towards a mutual understanding and integration - of course grounded in honest, comprehensive and continuous communication. Absence of information could intensify feelings of insecurity (Bradt, 2008; Empson, 2000; Hallier, 2000; Schweiger & Weber, 1989).

Smith (2005, p. 409) argues that “communicating the change message and ensuring participation and involvement in the change process” is important when it comes to avoiding making employees obstacles for a successful change process. Herron et al. (1999) discuss merger-related stress and their research findings promote programs that take care of factors that are likely to materialize during a merger. Such factors are, for example, the grieving process, uncertainty about employment as well as the need for frequent communication, debriefing and counselling. There is also a need for consensus on new protocols and procedures according to Herron et al. (1999). Employees who trust the managers when the organization undergoes changes and feel welcome to participate in the process are more likely to accept the changes (Empson, 2000; Spector, 1978; Strebel, 1996; Washington & Hacker, 2005; Zmud & Cox, 1979). *Prior findings from the longitudinal case-study of the DE-merger did not show obstructive and insecure administrators which could give the impression of a smooth and easy process with no special need for continuous follow-up of the administrators’ opinions in the post-merger phases. However, not everyone was happy and the fact that a clear majority was kindly disposed does not mean that there was no reluctance and/or resistance towards the approaching DE-merger.*

There are many perspectives on information for example the media or the channels that are used for the communication (i.e. for spreading the information); the sender and the content of the information. Van Knippenberg, Martin and Tyler (2006) argue that varying the communication will increase the likelihood of meeting employees’ information needs and the management should communicate all kinds of issues about an organizational change to hinder rumours from flourishing. Kemp and Low (2008) consider it crucial to realize a clear communication about what to expect from a new IS. Otherwise the users can be very disappointed if the system did not meet their expectations for the new system and they (ibid.) consider change management to be an important factor in IS implementation. Hughes (2009) advocates the power of Information Communication Technology (ICT), when it comes to communicating organisational change, which besides individuals’ involvement, plays a key-role in change processes. *In the DE-merger the administrators have in prior studies showed to be positive to the information and communication that was realized – even when the individual and specific information were missing for some of them. The new organization’s locations on two different sites will bring on an increased need for functioning and easily available ICT solutions for meetings, information and co-operation.*

Research Focus

The main purpose for the ongoing longitudinal case study is to add to the knowledge base on how management can facilitate a merger process and promote a successful post-merger integration – by collecting lessons learned from a real life setting of a merger. The weight is put on the human factors that could either hinder or contribute to a successful merger and PMI. The aim and focus of this article is to point out issues that management need to know in order to maintain employee enthusiasm even after a merger is carried through - because the danger (for resistance to and hindering of the merger) is not over just because the new organization is established. With the aim of collecting factors with importance for a successful PMI the research questions behind the present study are:

- What issues could contribute to or hinder a successful post-merger implementation

process?

- o What are the opinions about the internal information after the merger?
- o What are the opinions about personal involvement in the process after the merger?

The administrators' opinions of their situation at work – a normal workday - could at this early stage provide some guidance of how the PMI is proceeding:

- What are the opinions about the work situation after the merger?

Methodology of Research

General Background of Research

The present empirical study was performed about five months after the merger was carried out and follows up on three earlier realized studies. The methodology for the longitudinal single-case study follows Yin (2003) and combines qualitative and quantitative methods with document reading in order to triangulate the findings. Interviews with 29 administrators were used for the data collection.

The organizations that were studied (Org D and Org E) are anonymous and their names pseudonyms out of consideration for the respondents. The DE-merger has now reached the post-merger integration stage. The administrators' perspective was chosen mainly because of how much an organization's performance and effectiveness depends on the administrators' achievements (Simon, 1971).

The departments of the new organization are located in two different cities (at a distance of about 100 km), and the staff will have to travel between the locations and/or find other ways to meet and collaborate. The managers are supposed to be present at both localizations in turn in order to be equally available for their subordinates at both sites. IS and technical facilities (e.g. e-meeting technologies and software for collaboration) are likely to facilitate and enable the new organization's need for flexibility and effectiveness especially when considering the location. Pritchard and Williamson (2008) studied a merger with widely dispersed campuses (higher education merger) and found a widespread opinion of how this caused inefficiency because of the extensive travelling between campuses, and that also lead to a stressful and exhausting work situation for the employees. The administrators' assignments embrace a variety of duties in the spheres of finance, personnel administration and production planning. The new top managers who were, in addition, appointed very late in the DE-merger process had not been working in any of the former organizations before. Collins (2001, p. 181) warns against appointing new leaders since they could cause a "doom loop pattern", which means that they are likely to stop already successful "spinning flywheel" i.e. successful business/processes and steer them in another way.

ICT solutions are means for securing the sustainability of the new organization's administrative processes as managers can check that administrators do not slide back to the old routines and how things were done before the DE-merger. There was a need for reengineering in order to optimize and enhance the processes (to achieve effectiveness). Besides attracting new clients the intention of the DE-merger was to use the resources more effectively and to take advantage of opportunities for organizational development and for rationalizations. The same assignments were found at both locations and thus a down-sizing was likely to occur which did not worry the personnel or interfered with their participation in the reengineering process before the DE-merger was carried out (Lundqvist, 2009, 2010b, 2010c). Administrative processes in public organizations differ from business processes in the private sector. In public organizations the foremost goal is not to make more money for the owner (or those risking their money). Nevertheless, the focus is still on keeping costs down since the resources are

limited (Simon, 1971). The tasks that the public organizations perform are often mandatory and regulated by law/regulations.

The merger type is horizontal/lateral – the parts involved are relatively equal, “in the same business, with the same or overlapping clienteles, and engaged in the same stage of production” and between (relative) equals (Pritchard, 1993, p. 82). According to Pritchard (1993, p. 83) most mergers are on unequal terms with one party as the “acquirer” while the other one is the “victim” – a problem that the DE-merger should not need to suffer from. Nevertheless, merging organizations can still be perceived as takeovers by either part and the recognition of cultures and subcultures is important for achieving a successful merger implementation (Locke, 2007). The DE-merger was carried through as a politically promoted voluntary merger which was easier to deal with than if either party had been against the prospect of the merger. A mutual understanding of opportunities and threats is more likely when a shared vision of opportunities and threats exists – which in turn makes a successful merger more likely (Harman & Harman, 2003).

Sample of Research

Before the longitudinal case study started in 2008 the administrators’ participation was solicited by top managers in both former organizations (Lundqvist, 2009) – as recommended by Bell (2002). The respondents (i.e. administrators) from the first explorative study were contacted by e-mail and asked to participate in the first interview round (30 interviewees) in the spring of 2009 and during those interviews those interviewees were asked to participate in the present study; everyone except one (going on a parental leave) was willing to do so.

The Profile of the Interviewees

The interviewees were 55% female and 45% male. Before the DE-merger 55% were employed in Org E and 45% in Org D. 62% belonged to either one of the age groups 41 – 50 years and 51 – 60 years. 72% had the same duties to perform - nevertheless, 86% said that they had got new routines and 80% had got updated or replaced IS. A majority, 86%, had not changed their place of work after the merger was carried out.

Instrument and Procedures

As during the first round of interviews (in the spring of 2009) the author was careful to make sure that the participants were confident and could relax during the interview and therefore the interviewees were asked to choose the location. Nevertheless most of the interviews took place in the administrators’ own offices but in some cases the interviewees preferred to meet with the author outside their workplace. The interview questions were semi-structured and open-ended – however, the author followed Lantz (1993) who argues that interview questions should be analyzed both quantitatively and qualitatively – some of the questions were answered using a five-point Likert scale. The interviews were recorded and then transcribed literally. The interviewees were promised that the recordings are treated as confidential, which some of the participants found highly important. There are some important issues connected with performing interviews. Gummesson (1999) highlights the fact that interviewees are not always reliable, since they sometimes act in a way they find suitable according to the actual situation. Thång (1984) argues that the interviewees are trying to understand what the interviewer is searching for (or wants to hear) during the interview. Hence the author was careful not to reveal any thoughts or expectations about the issues raised in the interviews. Kvale (2006) argues that transcriptions are not 100 percent reliable since he found that people transcribing the

same interview do not end up with exactly the same wording. To minimize this risk the author compared the transcripts with the recordings to assure that there were no contradictions. The author finished the present round of interviews with a summary of the findings from the previous interview (about a year earlier) to ensure that there were no misunderstandings and none of the interviewees had a conflicting view of what was said during those interviews. Thus the author is confident that the material can readily be used for further analysis and processing.

Data Analysis

The analysis of the transcribed interviews was stepwise carried out. First the qualitative interview material was scrutinized for themes while the researcher kept the aim of the study clear in mind. The search for themes was an interpretive process, in which the data was categorized; core meanings were found and grouped so all issues that were discussed were noted. This process was inspired by Burnard's (1991, 1996) method of thematic content analysis for analysing qualitative interview data in a stage-by-stage process. The transcripts were read several times and the author worked with several categories and sub-categories, which were throughout of the process were collapsed into broader themes/categories. Coloured pencils were used to mark the transcripts during the search for data that could be categorized into themes. The colour-coded data were then copied and pasted so all items of each colour code were collected together under the themes that had arisen. Burnard (1991) warns against cutting out strings of words so that the meaning could get lost. The author was therefore careful to ensure that the context was maintained as recommended (Burnard, 1991) and kept track of which interviewee the cut out items came from. This was important so the author could go back to the "right" transcript and get the complete text to quote if needed but also to check if something was not clear while the categories/themes were re-considered. The emerged themes/categories discussed in this article are: problems between administrators from the former Org D and Org E, effectiveness/productivity and information/communication.

The answers registered on numerical scales were analysed with SPSS and the findings are presented in the section below; together with the findings from the qualitatively analysed answers to the semi-structured, open-ended interview questions. The detailed description of the process is used to show that care was taken to avoid subjective interpretations.

Results of Research

A More Complex Work Situation

An opinion that was often expressed was that people in the new organization experienced a more complex situation at work. There were for example varying opinions among the administrators about how the assignments should be carried out: *There has been some suspicion as regards the D-model on one side and the E-model on the other side – like a positional war* (Interviewee 13). After the DE-merger it proved to be necessary to check more carefully before changes were decided on (e.g. during the establishing of new routines and IS) so that everyone that should be involved in some way was notified – e.g. some should have their say and some should be informed. It could also be necessary to inform and discuss before carrying out ordinary and ingrained tasks that had long been part of the administrators' everyday duties. Some of the interviewees said that it was an on-going search for how the various tasks should be taken care of:

We needed to find a third way – something that was neither from Org D nor from Org E, even if there was no guarantee for such a solution to be more successful.

However, now we are sub-optimizing due to the demand for fairness between the two places – if one part has succeeded in having their will the other part should also have their will (Interviewee 3).

The problems surrounding the administrators’ duties were related to the fact that the two organizations fundamentally had the same kind of duties, which they sometimes (or often) had not carried out in exactly the same way even if their achievements were expected to give the same result: *It is hard for two parties to agree on mutual routines when they do not speak the same language in the first place (Interviewee 13).* The two former organizations had simply developed different cultures and ways of working:

We from Org E have been more specialized and we are experts, they cannot do everything just as well as we can – we are very different. In Org D they performed one task and everything connected to that task and there were more people doing the same thing (Interviewee 18).

There were more people involved in the discussions, meetings and the argumentations than were necessary in order to carry out even the simplest tasks (routines). *The merger should be used for making the work more effective /.../ It is very frustrating to see what was built up over a long period simply fall apart (Interviewee 1).* To judge by the interviewees’ opinions about their value creation (for the organization) after the DE-merger a majority found it difficult to decide if their achievements at work created value for the new organization (Figure 2).

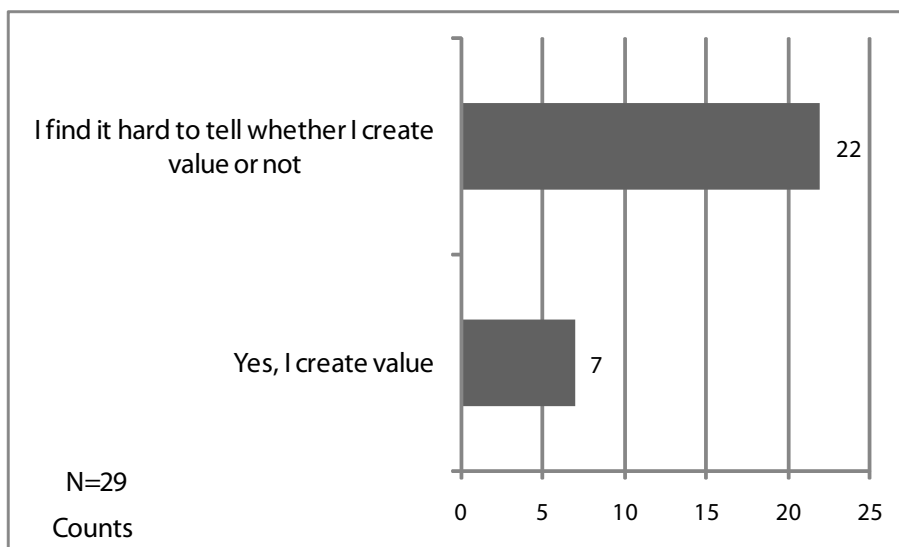


Figure 2: Creation of value.

Opinions of Lowered Effectiveness

Despite the interviewees’ hesitance about their value creation for the organization there were many opinions about a decreased effectiveness and about the consequences that the merger had for the effectiveness: *A little less is carried out, a little less effectively (Interviewee 16); Because of the pressure we are forced to be more effective (Interviewee 14); Right now it takes more time and we have to apply temporary solutions (Interviewee 15).* There could also

be opinions about others' inefficiency:

The biggest threat to the effectiveness is the terrifying low computer awareness among the employees, who are disturbing other people's work with banal issues and who work extremely inefficiently themselves (Interviewee 27).

The distance between the two locations was considered a fundamental problem as regards the ineffectiveness because of the increased demand for travelling between the two sites. Travelling that is time-consuming and makes the workday fragmented. The opinions about the fragmentation of a normal workday are shown in Figure 3; 14 interviewees found the fragmentation to have increased. Some examples are: *The whole year of the merger has been full of meetings – they make the workday much fragmented (Interviewee 12); generally it is more fragmentation now because of the two localizations - otherwise you could meet in the dining-room and work things out (Interviewee 18); there is much fragmentation of work because of the travelling (Interviewee 19); the travelling is very time-consuming – you are forced to be more effective and to prioritize (Interviewee 7).*

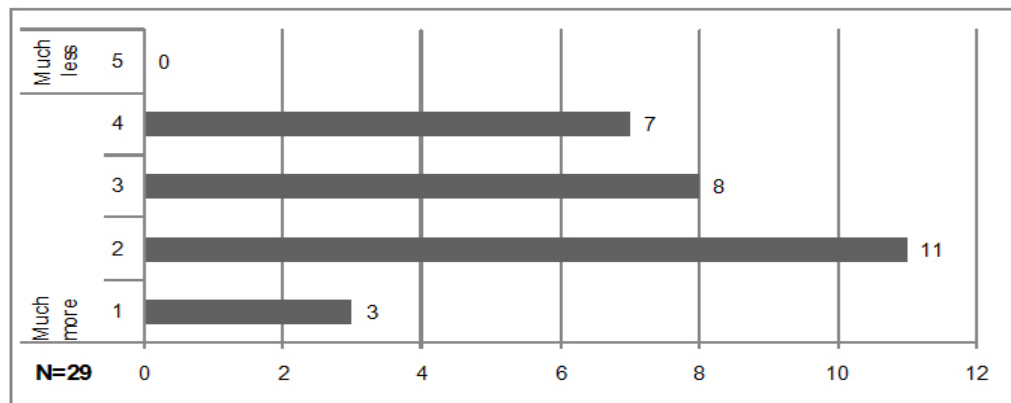


Figure 3: Fragmentation of the workday.

However, there were also some who did not think they were less effective even if their day was more fragmented because of the IS that gave sufficient support: *I find my workday more divided in general but I think that the systems (when using them) make it more structured and coherent (Interviewee 12).* Some said that there was more fragmentation because of more split assignments after the merger and some experienced they were less effective because of a more bureaucratic organization. Some were of the opinion that their workday had always been highly fragmented – that it was part of their duties and those administrators ranked the question about higher fragmentation a (3) three (Figure 3). An understanding manager could be helpful when it came to coping with a more fragmented work situation and the need to be more effective: *It is about having support for your way of prioritizing and that the managers have an insight in your work and to have a strong support/.../ The management's insight of the situation is to have your manager as your therapist now and then (Interviewee 11).*

Another important component of the more fragmented workday had to do with many interruptions during the day: *If I should be able to accomplish what I really should be doing then I have to go home and work from there (Interviewee 23).* Those interruptions were often due to frequent questions and discussions about the new routines and/or IS. Some of the administrators talked about the need to on a daily basis (often several times a day or even several times per hour) have to help colleagues with a various problems that were merger related in one or another way. However, some were of the opinion that these disturbances had become less frequent in recent weeks.

About half of the respondents considered the productivity to be lower after the DE-merger and the reduced productivity (Figure 4) was connected to the higher level of fragmentation: *The travelling lowers the effectiveness* (Interviewee 2); *meetings in person are very time consuming - e-meetings can be helpful but do not always function well* (Interviewee 8). A reduced productivity was also considered to be due to a higher amount of tasks and more complex assignments for the administrators to carry out:

The amount of work has increased, the piles are higher and I work all the time. So, I must be doing something (and I know I do) but when I have completed one task - another is added. It never ends (Interviewee 10)

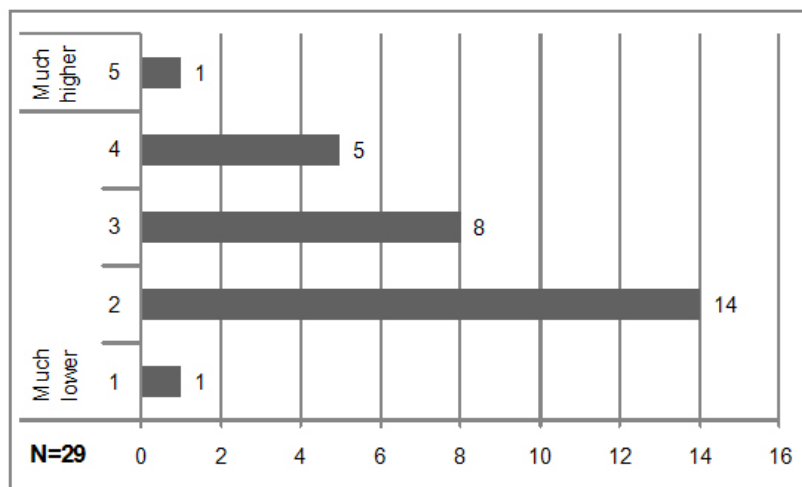


Figure 4: The productivity of work.

The opinions of lowered productivity and increased fragmentation (of a workday) were often connected to the new routines and IS. Sometimes there seemed to be a communication problem behind this, but not always: *It is not the communication that is the problem but the difficulty to get the facts* (Interviewee 18).

New Routines and IS are not Quite Established Yet

The differences in carrying out the duties were described as a problem: *Much time related administration issues came to the surface because we had different routines before* (Interviewee 7); *So much time is needed for synchronizing* (Interviewee 26). Some found that the new organization made it more problematic to agree on new routines and how to perform the duties: *There are more departments to take into consideration – routine changes take more time because there are more employees involved* (Interviewee 1). A main reason was the extensive and time-consuming travelling that was needed if colleagues should meet. The fundamental differences between the now merged organizations were sometimes described as the main reason:

We were very different in Org D and Org E so we had to find the best from the two worlds and then you have to compromise. There is sometimes a bigger problem than predicted and the differences were so large that they were nearly impossible to handle. Some are not able to talk to each other without mediation (Interviewee 15).

The fact that the administrators had been applying different routines and IS were sometimes hard to understand for the interviewees: *It was shocking to realize such big differences – in the same line of work* (Interviewee 15). Sometimes it was hard to accept that the other organization's routines and/or IS were implemented in one's own place of work: *Org E demanded us to adapt to all their IS. Our systems were better! It is sleepless nights!* (Interviewee 5).

New IS and routines could be difficult to adapt to and to cope with, not only because of the steep learning curve but because of the extensive need for negotiating and discussing with colleagues (new ones as well as old ones) about exactly how things should be done: *The routines are not established yet and they are not described in detail* (Interviewee 24). It was often described as a delicate problem to discuss and argue about the details, sometimes with people they had not got to know yet:

Personal chemistry and the fact that we worked at different sites but in the same departments made it difficult to do precisely the same and we worked in differing ways, had different routines – even if the duties were basically the same/.../ it was almost too delicate a subject (Interviewee 16).

Another issue was the late appointment of new managers – including the new top managers - who had not been working in either of the two merged organizations and therefore they were not aware of the different cultures or how things had been carried out before the DE-merger. It was also problematic that the new top managers were not known by the employees before the DE-merger.

Consequences of New Routines and New IS

New routines and IS could cause duplication of work and in this case the routines were seen as causing (another scale question) more duplication of work (Figure 5). The new IS caused slightly less duplication of work than the new routines. The figure shows counts of respondents (25 / 26 answered the questions). However, the issue of duplication of work was not recognized as a big problem during the open-ended questions: *You realized that there were others that worked precisely with the same tasks. It is clearer now and the duplication of work has diminished* (Interviewee 23); *we are pretty much doing the same thing at both sites /.../ it is not so much duplication of work as things falling by the wayside* (Interviewee 13).

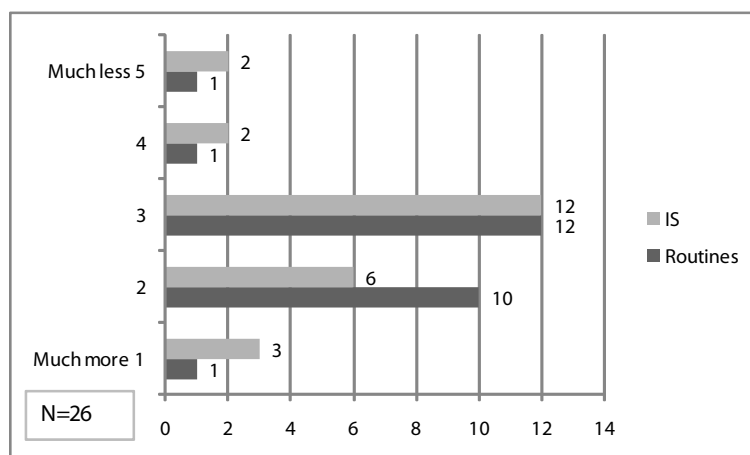


Figure 5: The duplication of work due to new IS and routines.

There were two more questions given to the interviewees that required them to answer according to a 5-point Likert scale. The findings are presented in Figure 6 and Figure 7, regarding the new IS 25 out of 26 answered the question. Were the new IS and/or routines more time consuming? Did they cause more errors? Only respondents that had got new routines and IS were asked those questions. A majority (18 / 26) with routine changes found those to consume more time and some of those who had new IS also found them to be more time consuming (12 / 26). The routine changes were considered as more time consuming compared to the IS changes (Figure 6). An example of how new routines could take more time was an increased need for checking each other's work: *We check each other more now with the new IS even if one item seldom is registered more than once* (Interviewee 24). During the interviews it was obvious that it was problematic to distinguish between routine and IS changes since they were intertwined. The interviewees were asked to try their best to make a distinction between IS and routines. However, the errors were considered to be "much more" only regarding new IS (4 / 26) and no one ranked the routine changes to cause "much more" errors. Despite this 12 administrators found the changes of IS and of routines caused more (5 and 4 on the scale) errors (Figure 7). The comments show an understanding of the need to be patient about the time it will take to get used to the new routines and IS: *Initially there are more faults because the routines are not fully established yet – I am still at the stage where I have only carried out new things once* (Interviewee 3).

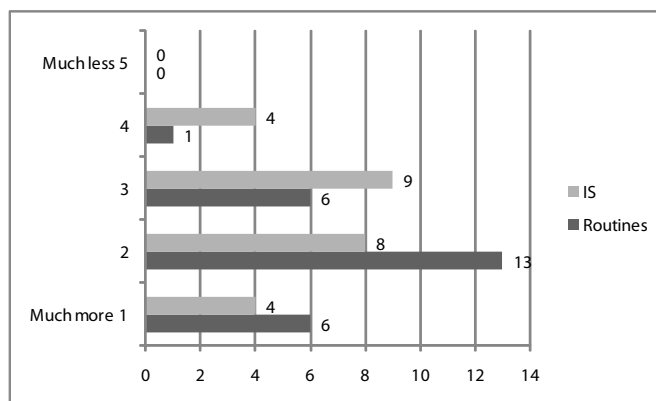


Figure 6: Time spent on new IS and routines.

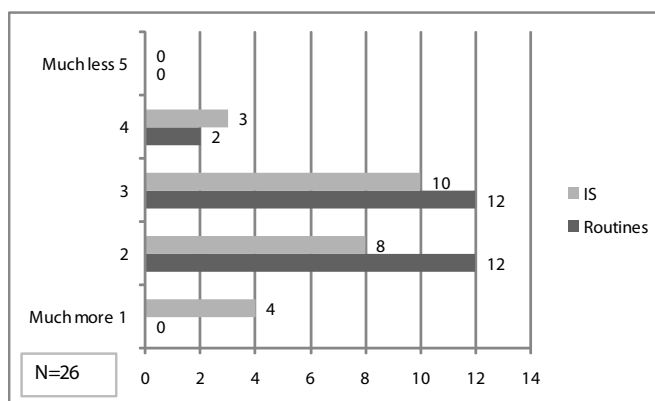


Figure 7: Errors due to new IS and routines.

The Information after the Merger: More Concrete, Less Visionary and More Anonymous

The questions about the internal information after the merger concerned the content (Figure 8), the channels (Figure 9), the amount (Figure 10) and the sender (Figure 11). The content of the information was considered by a clear majority to have been changed after the merger (Figure 8). A frequently used comment pointed out that the change was from more comprehensive information (before the merger) that presented a visionary picture of the approaching DE-merger and the new organization, to a more concrete and focused information with a more practically angle after the merger: *Often it is about decisions that were taken - but you are not told who are behind them* (Interviewee 10); *now more concrete and about the reality* (Interviewee 5); *the character of the information has been changed we are showered with peculiar decisions – however, partly more concrete with decisions and plans* (Interviewee 27). However, there were also opinions about a lack of detailed information on the administrative issues: *Thesre are many details about the work that I do not get any information about and I do not know how I shall get it either* (Interviewee 18); *The doubts that are abundant in the organization do not get through /.../ the disappointment is revealed in the informal information channels* (Interviewee 19); *they never talk about the administrative issues – it is a catastrophe!* (Interviewee 9). There were also isolated statements that questioned the more general opinion (Figure 8) of a shift in content to a more concrete and detailed information after the merger: *It is little more concrete and not just decisions, it is very tiresome with all decisions and now there are a bit more positive messages from the organization* (Interviewee 1).

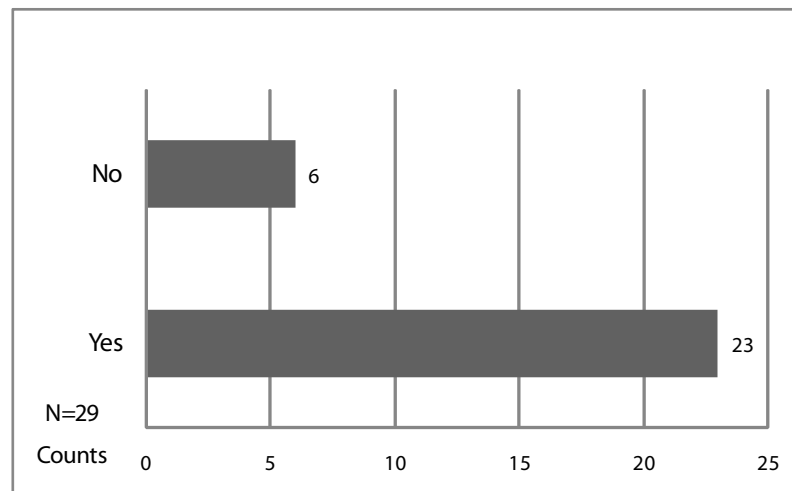


Figure 8: Changes in the information content after the DE-merger.

Figure 9 shows the dispersion of the administrators’ opinions about whether the information channels had been changed or not. A majority (20 / 29) considered the information channels to have been changed even if they did not agree with each other on how they had changed (Figure 9). Two interviewees did not have any opinion on whether there were changes or not. Several administrators talked about meetings in person with the top managers (and those in charge of the merger) that had been established when the merger processes began and that had seemed to disappear after the merger. However, those meetings were resurrected right before the present study started and the return of those meetings was welcomed since they had been appreciated: *The meetings in person disappeared but have come back again – that is the biggest difference* (Interviewee 30). The interviewees spoke of two types of meetings. Beside the central meetings with the top managers, and the managers in charge of the merger, there was

another type of meetings carried out locally with the responsible departmental managers. Those local meetings were often carried out on a weekly basis, they were usually rather short and sometimes as a coffee break: *Before, we had more local information for example in the staff-room – now we have only the central information so, it has diminished but there is a greater need* (Interviewee 14); *before we had weekly meetings but they died out* (Interviewee 16). Some talked about a problem to find information in the new channels (e.g. on the new website) as they experienced a lack of information about where to find information: *New channels have not been communicated – a blind faith that people would search for information?* (Interviewee 29).

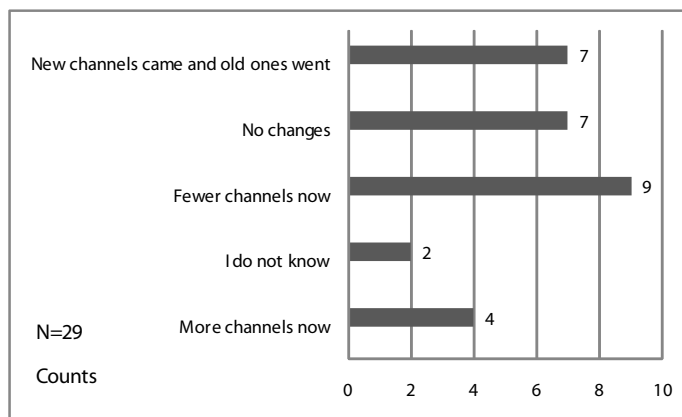


Figure 9: Abundance of information channels after the DE-merger.

Figure 10 shows the dispersion of the administrators’ opinions about whether the amount of information had changed or not. The amount of information was considered to have decreased by a majority (17 / 29) and 6 administrators answered that they sensed an increase as regards the amount of information given after the merger (Figure 10):

There is less in a way. Maybe, more or less unconsciously but I think that they believed that it was less important to inform us when the merger was carried out. Practically that was what happened and now about a month ago they started to inform more again. They realized that it is needed (Interviewee 30).

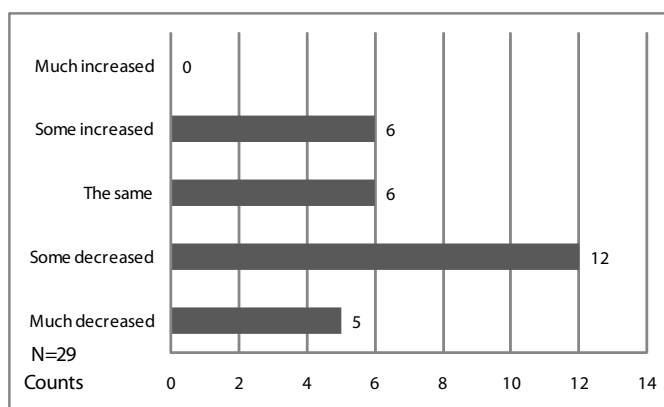


Figure 10: The amount of information after the DE-merger.

Figure 11 shows the dispersion of the administrators' opinions about whether the sender had been changed after the DE-merger and a majority (18 / 29) found the sender to be altered (Figure 11). A common opinion was that the most salient difference was that the information department now appeared to be the sender - instead of named managers, administrators or other groups of employees. The sender for the information was therefore regarded to be more anonymous compared to before the merger.

There is a more anonymous sender from the central unit for information /.../ It feels like there is a hidden agenda, maybe some are getting to know things now that they do not tell. Before we were spoiled – there is much we do not know now (Interviewee 17).

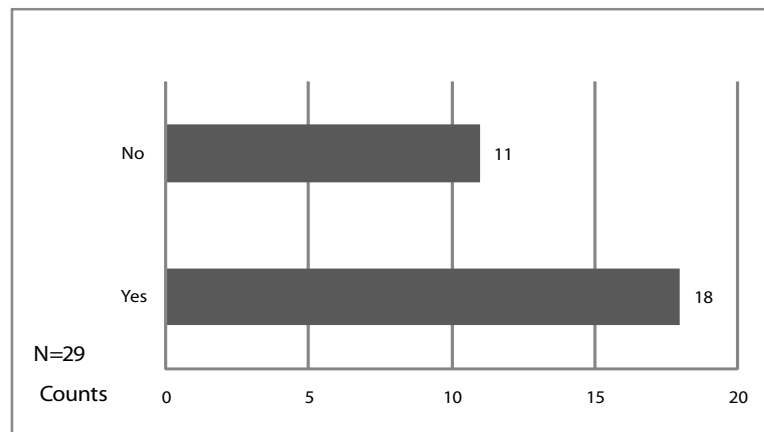


Figure 11: Changed sender after the DE-merger.

Despite this there was also an opinion that the sender is more obvious now: *Now the information is sent out in a more integrated form – before you did not know who was responsible for it (Interviewee 9).*

Discussion

To sum up, the longitudinal case study has now entered the post-merger stage and the present findings are discussed in the context of prior findings that have shown administrators that were well-prepared for changes, well-informed, and open-minded for changes of their duties and their IS. They felt deeply involved in the process and considered their knowledge to be well utilized. (Lundqvist, 2009, 2010b, 2010c). It is common knowledge, supported by earlier research findings, that employees often are worried when organizational changes are approaching (Abrahamsson, 2000; Empson, 2000; Gash & Orlikowski, 1991; Herron et al., 1999; Kotter & Schlesinger, 2008; Schweiger et al., 1987; Smith, 2005; Washington & Hacker, 2005) and a merger makes no exception. Furthermore, post-merger integrations often fail (Alaranta & Martela, 2010; Alaranta & Viljanen, 2004; Blake & Mouton, 1984; Epstein, 2004; Marks & Cutcliffe, 1988), which makes the search for means to facilitate merger implementation important from a human perspective.

A More Complex Job Situation and Lowered Effectiveness

The findings showed a need to build a synthesis of the two different cultures of Org D and Org E. This was complicated by the fact that the merged administrations are working in two different locations (separated by 100 km). The same routines/duties had to be carried out even if the previous IS and working routines were not the same as before in the new organization. Locke (2007) argued the importance of acknowledging different cultures and sub-cultures in mergers. The interviews revealed a more complex work situation after the DE-merger because there were more people to check various problems with, which was stressful and caused insecurity - for example regarding what were the most recent decisions. The present study showed that the administrators were less convinced that they create value for the organization compared to the prior studies (Lundqvist, 2009, 2010a). Now it had become more difficult to relate the individual's input and significance for the organization's performance (cf. Figure 2).

The effectiveness was considered to have decreased in the new organization (cf. Figure 3 and Figure 4). The question about fragmentation of a workday (cf. Figure 3) showed that 14 (/ 29) found the fragmentation to have increased and the scale question about opinions of the productivity showed that 15 (/ 29) considered the productivity to have decreased (cf. Figure 4). Cartwright and Cooper (1995) warn against decreased productivity and lower performance as reactions that could appear when employees are against organizational changes. In this case the administrators' opinions of less effectiveness and productivity are not interpreted as manifestations for resistance to change. The opinions are more likely based on frustration over a new situation with routines that are not yet established (or even agreed on) and a lack of administrative information.

The main reasons that were given for the lower productivity and increased fragmentation were connected to the fact that there are more people to check with which required more travelling - primarily to solve various merger-related issues. Pritchard and Williamson (2008) found that the inter-campus travels needed for a multi-site campus were both stressful and tiresome for the employees. The extensive need for travelling between the two sites after the DE-merger was often mentioned during the interviews as time-consuming and stressful - but necessary. E-meeting tools were not helping out as much as hoped for because the technology was not always as easily managed as expected. It is important to understand what to expect of new systems according to Kemp and Low (2008) and Hughes (2009) because those facilities play an important role in an organizational change. A deeper understanding, before the DE-merger, of what to expect from the e-meeting tools could have been helpful. The feeling of not being involved could be more apparent as it was getting more difficult to meet and interact with colleagues from both locations. Frequent communication is recommended in the literature to avoid mistrust and insecurity (Empson, 2000; Herron et al., 1999; Spector, 1978; Strebel, 1996; Washington & Hacker, 2005; Zmud & Cox, 1979).

It Takes its Time to Establish New Routines and IS

Besides the localization in two places, and the frequent travelling that this inflicted on the administrators, the opinions of fragmented workdays and lower effectiveness were also connected to the new routines and IS. Some administrators spoke of the need to establish new routines and to find a third way that was neither from Org D nor from Org E. To be expected (and sometimes forced) to agree on new routines with new colleagues, from another culture with their place of work about 100 kilometres distant was considered to be problematic. Alaranta and Viljanen (2004) as well as Cartwright and Cooper (1995) argue that employees could be too eager to hold on to old routines as a reaction to organizational changes that they resist. The findings rather point towards a deeply felt wish to carry out their duties to their best. However,

with a growing insight of the differences in realizing basically the same assignments some administrators reacted with frustration and felt that they could not agree with representatives from the “other” part and that mediation was needed. Sometimes communication problems were mentioned as well as difficulties of getting reliable answers (from those who were expected to be able to provide them). Some of the interviewees revealed that they felt powerless and without influence - at least if compared to before the DE-merger was carried out when a clear majority found their competences well utilized and that they fully participated in the merger processes (Lundqvist, 2010c). Pentland et al. (2010) argue that the same routines could be carried out in various ways which seems to be part of the problem here. Merger-related stress is discussed by Herron et al. (1999) and the various situations of doubts, hesitations and uncertainty that could appear during a change situation. Information and communication are means proposed as helpful in those situations. Despite the hardship they experienced, the interviewees on both sides (i.e. from the former Org D and Org E) appeared to have the mutual goal of building a well-functioning organization with well-established routines and IS. Prior studies from the longitudinal case-study of the DE-merger had also showed that a clear majority of the administrators were positive to the merger and to the reengineering that they expected it to bring on (Lundqvist, 2009, 2010c). Harman and Harman (2003) argue the benefits of a shared vision of opportunities and threats among merging parties for a successful merger.

The PMI Proceeds with its Ongoing Work to Establish New Routines and IS

As accounted for above, the findings showed that the new routines and IS were not fully established yet. The aim of this study is not to judge the success of the DE-merger and the findings should therefore be seen only as an indicator of how the PMI was perceived from the administrators’ perspectives. In any case, the new organization has to work in accordance with a quality assessment program and the duties have to be carried out despite organizational changes – a fact that affected the administrators and therefore could have influenced their opinions.

The administrators’ opinions showed that even though many of them were struggling with their new routines and IS they had not given up. Even if some of the interviewees gave voice to somewhat lowered motivation, the overall impression from the interviews is that the administrators were much like the “right people” with disciplined thoughts and actions that Collins (2001, p. 89) argues is a very important asset for the company.

The Information after the Merger: More Concrete, Less Visionary and More Anonymous

Findings from earlier research that are presented in the literature provide recommendations that support the importance of rich information, presented in various channels and communication as effective means for avoiding resistance to change (Bradt, 2008; Empson, 2000; Hallier, 2000; Kets de Vries & Balazs 1997; Schweiger et al., 1987; Schweiger & Weber, 1989; Schweiger & Denisi, 1991; Spector, 1978; Strebel, 1996; van Knippenberg et al., 2006). The present study shows that the information and communication had been changed in the post-merger stage of the DE-merger.

Updated information provided on a regular basis - through various channels, is argued in the literature as important together with an attitude from the managers’ side to inform about what is going on (Empson, 2000; Hallier, 2000; Kets de Vries & Balazs, 1997; Schweiger et al., 1987; Schweiger & Weber, 1989; Schweiger & Denisi, 1991). Meetings in person were appreciated by the administrators in the DE-merger and the opportunities that those gave to immediate interaction with the managers. The feeling of involvement and participation is important.

Collins (2001) argues the need for managers to communicate negative decisions to their

employees as soon as possible so they could go on with their lives even if they will be fired. Before the DE-merger some of the administrators did not get any individual information about whether they could stay or not after the merger – in spite of this a clear majority appreciated the information given about the merger (Lundqvist, 2010c).

The need for continuously updated information remains even after an organizational change is carried out. This is the case in the DE-merger as the administrators were used to getting plentiful information, through several channels and given shortly after decisions were made in the pre-merger stages (Lundqvist, 2010c). The DE-merger was filled with high expectations, not least from the administrators who had expressed their openness for changes and reengineering (Lundqvist, 2009, 2010b) as well as for the merger itself (Lundqvist, 2009). Before the DE-merger a majority of the administrators were sure of their value contribution (Lundqvist, 2009) but not so anymore after the DE-merger. This created rather a negative post-merger climate.

Proposal for Future Research

To achieve a full integration takes time (Pritchard & Williamson, 2008) and thus this longitudinal case study should continue in order to give some final indication of how successful the merger process will be. Themes that should be examined in future studies are how undertaken changes will continue to influence the administrators' duties and their job situation. Further research aims at adding more to the knowledge base on how to facilitate and promote successful PMI. The focus will be on understanding the human factors that could either contribute to or hinder a successful merger process and will aim at shedding light on factors that could continuously promote a merger process that has started (before the merger) in a very promising way. The question that remains is how management should act in order to continuously maintain the good work that was carried out before the merger was actually carried through – more precisely to continue to inform and communicate a lot throughout the process and to involve the administrators continuously even in the post-merger phases.

Conclusions

What Are the Opinions about the Internal Information after the Merger?

The information had changed after the merger i.e. a majority found the sender to be more anonymous, the content had changed from visionary overall merger information to a narrower focus on details and the channels were not perceived as quite the same. The change of channels was a question of less interactive face-to-face information from local managers to bigger central meetings in person with the top managers. Some of the administrators found important information about administrative tasks to still be missing.

What Are the Opinions about Personal Involvement in the Process after the Merger?

There was a frequent but sometimes underlying and subtle opinion about a loss of influence and participation that emerged in the administrators' views of their everyday work situation with new routines and an IS that was not fully established. Part of the problem was that some did not feel that their opinions counted and that decisions were taken above their head, they got (maybe) information about what was already decided or worse they did not get any information at all about administrative tasks.

What Are the Opinions about the Work Situation after the Merger?

A majority experienced a lowered productivity and increased fragmentation of a normal workday; furthermore they were not sure about the value of their contributions to the new organization. The increased fragmentation was often described as a result of a more complex situation i.e. more people to co-operate with, departments that cover two sites as well as new/updated routines and IS, new managers locally and new top managers that did not know the former organizations (or the two cultures involved).

What Issues Could Contribute to or Hinder a Successful Post-Merger Implementation Process?

This question is best answered by the answers to the three sub-questions accounted for above. Therefore it is presented last in this concluding section. The most important result of the present study is that advice offered in the literature for facilitating change and preventing resistance to change should not only be applied before a change is carried out, but it is equally important in the post-merger phase. The main conclusions from the study are that:

- Multi-site location is an obstacle to smooth and successful PMI processes.
- To change a successful pre-merger's information and communication strategy in the post-merger stage could hinder a successful PMI.
- Well-managed pre-merger phases do not guarantee a successful PMI.

Implications of the Study

The implication for practice is the insights that management should not ignore or pay less attention to the fact that a successful, well-managed pre-merger process does not necessarily guarantee that the post-merger integration will be successful. The implication for research is that to undertake the reengineering of public administration needs to get more attention in order to prevent post-merger failure caused by human factors.

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