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Trust in Mergers and Acquisitions

Assessing Trust in a Turbulent Environment by Expanding a
Contemporary Model

by

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Abstract

The human side of mergers and acquisitions (M&As) is often forgotten although it is one of the main reasons for the high failure rate accompanying such actions. The high degree of uncertainty for the acquired employees makes trust a critical aspect to consider in the relationship between members of organizations who go through M&As. To gain a deeper understanding of trust, we explored this phenomenon at a Swedish health-care company which recently got acquired by a large American corporation. Therefore, we assigned ourselves to the interpretive tradition and conducted an abductive study by interviewing employees who are still part of the organization today. An analytical framework focusing on openness, integrity, benevolence, competence, and culture was used to assess trust between the two organizations of interest. As a result, we found the need to expand the model and view trust as being influenced by both the broader environment as well as by individual aspects. This view assisted us when realizing the significance of identity work and its complementary characteristics towards trust.

Keywords: M&A, trust, open system, identity work

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1 Introduction

Mergers and Acquisitions (M&As) are strategic actions whereby firms aim for increasing their chances for success by using synergies, enter new markets, strengthen their portfolios, benefit from knowledge and talent and much more. However, these efforts significantly increasing in volume all over the globe are considered as some of the most difficult, complex, and demanding organizational changes (e.g. Cartwright & Schoenberg, 2006; Weber et al., 2012). Arguably the most important aspect, the employee, is mistakenly forgotten when enterprise profit and share prices are at stake (Stahl et al., 2013). This aspect has also had low priority among researchers and practitioners (Weber & Drori, 2011).

How are these changes perceived by employees and what does it entail to make an acquisition successful? What does it take, for example, to be committed as an employee and to embrace the changes which may constitute a turning point in your professional career? The relevance of ‘soft aspects’ such as these are connected to “an emergent field of inquiry [which] has been directed at the socio cultural and human resources issues involved in the integration of acquired or merging firms” (Stahl et al., 2013, p. 333). Recent studies have highlighted socio cultural issues and specifically ‘trust’ as being an important indicator of a successful integration process (e.g Stahl & Sitkin, 2005; Connelly et al. 2015). This is because the absence of trust is negatively correlated with the acquired employees’ intent to stay, their job satisfaction, and cooperation (Stahl et al., 2011). Past literature has mostly focused on financial aspects in order to determine the success of M&As, the importance of how these changes affect employee trust has been neglected (Stahl & Sitkin, 2005). By paying considerable attention to the latter, we draw upon the theoretical rationale conducting our research. Having determined that trust is a critical variable for those going through M&As made us interested in studying what aspects constitute trust in an organizational setting.

The aim of our study is to gain a deeper understanding on trust and how it fluctuates in a post-acquisition working environment. Having a better idea of how employees of an acquired firm perceive a M&A in terms of trust towards the acquiring firm might shift the focus away from financial measurements to take socio cultural issues more seriously. Thus, this research aims to draw upon the social rationale as well. We became interested in the topic of trust in M&As following two exploratory interviews with managers of a recently acquired company. On the one hand, both managers emphasized a foremost positive change and described the post-

acquisition integration as a ‘honeymoon’-phase. Further, the interviewees stated that “it feels more safe with a long term perspective owner” and “we were lucky that we got acquired ... many people appreciated it and hold the belief that we wouldn’t exist without it.” On the other hand, there were also some indications of negatively perceived changes regarding a changed style of management including extensive controlling efforts by the acquiring organization: “clear reporting channels and clear follow up, perceived as micro management by some”. These statements constitute a minor insight into the organization as well as a mix of both, positive and negative changes which invited us to try to understand what role trust plays within this post-acquisition working environment. This is particularly interesting for our research since the weaker party, the acquired firm, is anticipated to become distrustful when the stronger party uses its power to achieve collaboration (Stahl & Sitkin, 2005).

The thesis is organized as follows. In chapter two, we start by outlining the necessary and relevant theoretical background including theory on M&As in relation to the aspect of trust. This literature will support us in developing an applicable research question which will be introduced at the end of the chapter and guide us throughout our work. The third chapter outlines our methodological considerations as well as the basis for our choice of conducting a qualitative study. Here we will explain how we are going to answer the research question and give an overview of our research methods as well as the site. The fourth chapter involves our findings which resulted from the conducted interviews as well as our discussion in relation to the analytical framework which we used to make sense of the data. We categorized this chapter into five interrelated parts, all of which are related to our research question. Chapter five considers three additional findings not covered by the framework, however, perceived as salient to understand trust within our specific setting. In the course of chapter six we highlight current limitations and suggest an expansion of the framework which we used to assess trust. Finally, in chapter seven, we conclude our results, provide practical suggestions, describe our research limitations and suggest avenues for future research.

2 Literature Review

This chapter will consider relevant literature of M&As in relation to trust and has the following structure: The first section provides a short overview of M&As in general and its affiliation to trust as well as the significance of M&As involving power asymmetries. In the second section, we will define the phenomenon of trust and elaborate upon its different types. The third section will consider the manager's influential role in the development of trust. The fourth section will introduce an analytical framework of how trust develops between the acquired employees and the acquiring firm's top management. The fifth section will develop five attributes which are part of the analytical framework, namely openness, integrity, benevolence, competence, and culture. The sixth and last section will provide a summary together with our research question.

2.1 The relevance of M&As and the notion of trust

M&A scholars emphasize the importance of their field due to an ongoing or even increasing amount of activities in this manner. The reasons for organizations to undertake M&As are mainly anchored in diversification, growth, technology/innovation and overall profitability (e.g., Stahl & Sitkin, 2005; Greabner, 2009).

Only around 25% of all mergers and acquisitions accomplish their strategic and financial goals and one of the typical reasons for this is the emphasis of the acquirer on the financial aspects (Marks & Mirvis, 2001). The significance of treating and handling stressed employees in such a life-changing event is often neglected. Employees have to wrestle with the sense of loss at the same time as they cope with the cultural clashes brought to them by the M&A (Cartwright & Cooper, 1996). Furthermore, Stahl and Sitkin (2010) state that "an acquisition creates a breeding ground for distrust because the situation is unpredictable, easy to misinterpret, and people feel vulnerable" (p.56).

This feeling of uncertainty can create the so-called 'merger syndrome' which is an organizational reaction to an emergency, in this case the merger or acquisition. This syndrome can be recognized on three levels: On the personal level which portrays itself in the form of resistance, declining performance and cultural clashes. At the organizational level, where the acquiring executive team centralizes decision making and therefore also weakens communication channels to other parts of the company involved (Stahl & Sitkin, 2005).

However, this type of crisis management only creates a belief that the executive team is in control (Marks & Mirvis, 2001). Finally, the cultural level also gets affected and creates a 'we they syndrome' which leads to hostility and distrust (Stahl & Sitkin, 2005).

One of the main objectives of M&As is the creation of synergies in the sense of knowledge sharing or knowledge transfer which in practice, and especially in highly complex firms, constitutes major challenge and might hinder the outcome of value-creation (Empson, 2001). An acquisition enables the buyer to "gain access to a pre-existing knowledge base of proven value" (Empson, 2001, p. 843). Empson (2001) addresses two types of 'fears' of employees on both sides of M&As: the fear of exploitation and the fear of contamination. Considering the stressful environment, the former anxiety can be described as the employees' perception of sharing valuable knowledge without gaining anything of value in return. The latter may for example concern the perceived contamination of the company's brand or image as a result of merging with a company of lower quality. It is also claimed that the fear of exploitation is merely a rational reaction to an information asymmetry. This fear creates a reluctance to share knowledge post M&A (Empson, 2001). Furthermore, the fear could also be anticipated to be even greater when the acquiring company is much bigger and stronger than the acquired firm. The power equality between two firms is an important determinant of trust which we will base our research question on. The weaker party is anticipated to become distrustful due to the fact that its members tend to be overlooked. According to Stahl and Sitkin (2005) a much bigger firm can use its power to achieve collaboration and is therefore not to be trusted. "The mere existence of a power differential may lead to distrust through anticipation of an acquirer's future actions" (p. 88).

It needs to be emphasized that the 'softer' aspects as cultural and psychological issues are increasingly addressed within the literature aiming at explaining recent issues within organizations. In relation to M&As, trust is depicted to have an impact on communication, problem-solving, commitment, quality of performance and citizenship behavior of employees (Stahl & Sitkin, 2005). Therefore it is significantly related to the performance of employees and outcomes of work. It can have a positive impact on the adaptability to change as well as on the relationships between group members or managers and subordinates. "Further, trust can decrease agency and transaction cost by limiting the need for monitoring and control, and ultimately, can provide firms with a competitive advantage" (Stahl & Sitkin, 2005, p. 84;

referring to Dirks & Ferrin, 2001; Jones & George, 1998; Kramer, 1999; Rousseau et al., 1998 for reviews).

Stahl et al. (2013) argue that trust is an under-researched area and that empirical research focusing on trust in the happening of M&As remains uncommon. This is despite the fact that interviews and case studies “have established beyond reasonable doubt that trust is critical to the successful implementation of M&As” (Stahl et al., 2013, p. 342). Furthermore, trust is found to be present at different organizational levels and helps members reduce uncertainty around actions and decisions which lead to stronger relationships within the organization as such (Stahl et al., 2013). After having emphasized the importance of trust related to mergers and acquisitions, we will define what we mean by trust and later how we plan to explore this.

2.2 Definition of trust/distrust

There are two main traditions within the trust research (Lewicki et al., 2006). The first is connected to behavior and considers trust as a rational choice. The advantage of this tradition is that behaviors can be observed which makes it easier to gather data as a researcher. The major disadvantage is that viewing trust as a rational process is insufficient to understand the complexity of trust (Kramer, 1999; Lewicki et al., 2006). The second tradition seeks to comprehend trust as a psychological process that refers to intentions and expectations. It is also argued that psychological based trust precedes behavioral based trust and considers factors, others than those of rationality, in the emergence of trust (Lewicki et al., 2006). As noted, M&As create and take place in a turbulent environment which include sudden changes and emotions that can bias the findings. Taking the psychological tradition seriously bypasses some of these biases. This tradition will therefore act as a foundation for our assumptions commencing upon this research.

Rousseau et al. (1998) give a rich multi-disciplinary comparison of the understanding of trust. Trust is a “psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another” (p. 395). A variety of different types within a bandwidth of trust are described. Here, a development of trust in relation to time from calculative to relational trust is emphasized which is accompanied by institutional trust, a third basic form. Furthermore, the context-dependency and the ‘uniplex’- or ‘multiplex’-levels of trust are highlighted (Rousseau et al. 1998, referring to Lewicki et al. 1998).

With regard to the theoretical field of organizational trust Lewicki and Bunker (1996) elaborate on three different types of trust which may be understood as correlated and, in fact, the three stages of the evolution of trust in work relationships.

“Trust evolves and changes. If a relationship goes through its full development into maturing, the movement is from calculus-based, to knowledge-based, to identification-based trust” (Lewicki & Bunker, 1996, p. 124).

This quote highlights the dynamic view on trust and its evolving character. On the other hand it is emphasized that trust may also decline or even be eliminated by violations. Here, the scholars proposed a process of steps which the two parties of the relationship run through. In terms of repairing trust, it is emphasized that this depends on the emotional as well as the cognitive side. The cognitive basis is related to the calculus- and knowledge-based forms of trust whereas the emotional basis is bound to the identification-based trust (Lewicki and Bunker, 1996).

Scholars do not agree on the relationship between trust and distrust. Schoorman et al. (2007) use a traditional way of viewing trust and distrust in their model introduced in 1995. This view builds on the assumption that trust and distrust exist as opposite polarities on the same continuum. Therefore, it is assumed that the occurrence of distrust merely indicates the absence of trust. As a contrast, Lewicki et al. (1998) argue that past research has taken a one dimensional view on trust and distrust. They refer to the fact that there is an assumption that distrust is always ‘bad’ and trust is always ‘good’ and that one instance of unmet expectations leads to an overall distrust. However, one cannot assume that distrust of one party towards another party at a specific occasion means that the distrusting party will always hold distrust towards the other party (Lewicki et al., 1998).

Realizing that trust is very allusive makes it important to acknowledge the complexity involved in social interactions (Lewicki et al., 2006). Relationships are complex and constructed in multiple ways. It can therefore be argued that trust and distrust can coexist and are not the opposite ends on the same continuum (Lewicki et al., 2006). This view would be especially true for an organization where relationships develop and fade on a regular basis. Stahl et al. (2010) agree with Lewicki et al.’s view and relate it to their model, stating that: “ability, integrity, benevolence, and value congruence dimensions of trust vary largely independently of one another” (p. 69). We will elaborate upon these attributes in section 2.5

because we use them as a guideline for our research. Furthermore, we also hold the same view as Lewicki et al. (2006) and Stahl et al. (2010) and assume that trust and distrust can coexist.

2.3 Manager's role in the emergence of trust

Following the constitution of trust/distrust, we now direct the attention to the individual level and his or her role in the development of trust. Whitener et al. (1998) argue that it is the responsibility of the management team to begin the trusting relations towards the employees and that managers have a significant impact on the development of trust. Trust is defined in terms of expectations and vulnerability which is closely related to how Rousseau et al. (1998) define trust. Whitener et al. (1998) broaden the definition and state that “trust involves some level of dependency on the other party so that the outcomes of one individual are influenced by the actions of the another” (p. 513). This broadened view aligns with Lewicki et al.'s (2006) definition of how the two-dimensional psychological view of trust changes: “reasons to trust and distrust accumulate as interactions with other provide more breadth and/or depth or because of structure of interdependence” (p. 994). Five different dimensions of managerial trustworthy behavior are introduced in Whitener et al.'s (1998) article and these are closely related to openness, benevolence, and integrity also pointed out by Stahl and Sitkin (2005) as being important attributes to understand trust. In addition, Colquitt et al. (2007) emphasize integrity as an especially significant attribute of executives to portray trustworthy behavior.

Marks and Mirvis (2001) introduced a model (see Figure 1) to describe the end state of an integration process in M&As to help executives communicate their intentions. The ‘best of both’ condition is said to bear the most synergies but also the highest risk due to the consolidation. This model is very useful to get a simplified view of how M&As have been communicated and also how they have turned out. The model assumes managers as being influential factors of the integration process which aligns with Whitener et al.'s (1998) view of managers having a major impact on the development trust.

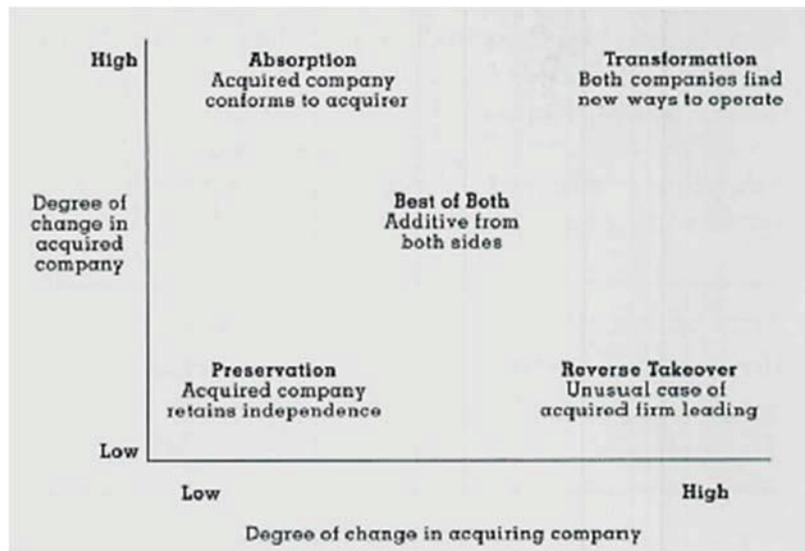


Figure 1: Defining the integration end state.
(Marks & Mirvis, 2001, p. 85)

A study by Krug and Nigh (2001) reveals major differences in perceptions of executives involved in either foreign or domestic M&As. The scholars note that the major effects of a foreign acquisition occur within six years - whereby those of a domestic acquisition occur over three years following the purchase. This is due to a more complicated integration of the companies involved in a cross-border acquisition. Concerning common complications, the scholars mention misunderstandings and cultural barriers which again turn out more substantial in foreign acquisitions (Krug & Nigh, 2001). Interestingly, it was found that mostly senior managers left due to the changes and that the most positive statements were given by juniors who emphasized the additional opportunities occurring due to the increased size of organization which was in general accompanied by greater job satisfaction. However, that senior executives are leaving is negatively related to the success of the integration whereas the aspect of respect in terms of treating the acquired firm's employees was depicted as significantly important (Krug & Nigh, 2001). According to our interpretation, 'respect' might be associated with the attribute of benevolence of a trustee which we will address in section 2.5.3. Finally, Krug and Nigh (2001) emphasize the notion of ambiguity in relation to the perceptions of single executives by giving the example that "in some cases, heavier involvement [of the acquirer] leads to conflict, in other cases it leads to mutual appreciation" (p. 103). The study hereby steers the focus to the realized and perceived integration approach. We will aim at describing how the integration was perceived at a later stage but before that we will introduce our main framework in the following section.

2.4 Model of trust in acquisitions

Literature suggests that the construction of trust of target firm's employees is based on a variety of factors. Trust affects attitudes and behavior of employees (Stahl & Sitkin, 2005). Therefore, there might be implications for the organizational performance which in turn could influence the actions and decisions of organizational members of the acquiring firm. In 2011, Stahl et al. introduced a re-worked model on trust in post-acquisition working environments (see Figure 2) to address these coherences as well as additional influencing aspects. It is worth noting that the model focuses on the development of trust between the acquired employees and the acquiring firm's management. This makes the model fit to the current state of our research site simultaneously as it emphasizes the managerial role in the development of trust as elaborated upon in the previous section. Therefore, this model will serve as our main framework to understand trust.

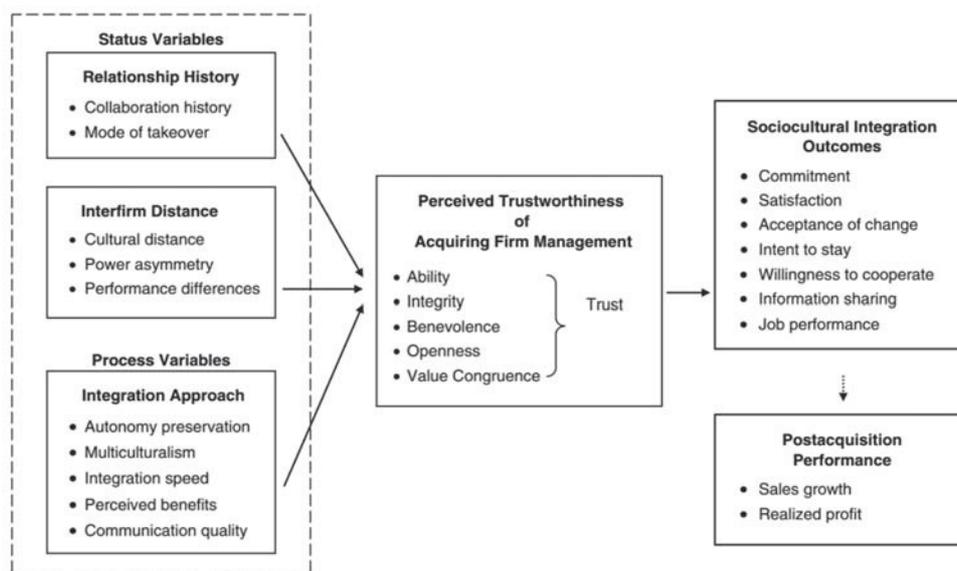


Figure 2: Model of the Antecedents and Consequences of Trust in Acquisitions.
(Stahl et al., 2011, p. 578)

The findings of Stahl et al.'s (2011) research indicate that target firm employees' corresponding stature of trust towards the acquiring firm's management is formed through the status variables of relationship history and interfirm distance as well as the process variables related to the integration approach. According to the scholars, these variables influence the acquired firm's members' trust towards the acquiring firm's management which in turn results in sociocultural integration outcomes such as commitment, willingness to cooperate

and job performance. This correlation, overall, has an impact on the performance of the organization post-acquisition (Stahl et al., 2011). However, we will focus at the center of this model or rather the attributes of a trustee which are ‘ability’, ‘integrity’, ‘benevolence’, ‘openness’, and ‘value congruence’. These attributes “determine whether a given party will have a greater or lesser amount of trust for another party” (Stahl et al., 2011, p. 577). We will operationalize these broad attributes instead of specific variables since we are interested in understanding trust within a wider context. The case study conducted by Stahl et al. (2011) revealed that integration process variables such as speed of integration, communication quality, and acquirer multiculturalism are more important factors influencing trust than for example the collaboration history. This generalization considering the scope of our work, in addition, makes an argument to refrain from assessing trust from the perspective of specific variables. As a result, the following section will outline and define the five attributes of a trustee.

2.5 Attributes of trust

The above model (Stahl et al., 2011, Figure 2) comprehends much of contemporary literature as outlined previously in this chapter. It is also very applicable to our research site where a bigger American company acquired a smaller Swedish firm. We could therefore assume cultural differences, integration issues, resistance and maybe even distrust by reviewing the literature in this chapter. Furthermore, the attributes of trust which Stahl et al. (2011) highlight as essential for the development of trust are widely used by researchers (e.g. Mayer et al., 1995; Mishra, 1996). The next section will refine the meaning of each of the attributes that constitute trust between the acquired employees and the acquiring firm’s top management.

2.5.1 Openness

Openness refers to the extent one party is sincere and open about information and actions. It is also about communication and its accuracy (Whitener et al., 1998). Being open can increase the trustworthiness of both subordinates and managers which entails conveying attitudes and emotions in an honest way. On the contrary, being completely honest can damage rather than reinforce trust (Mishra, 1996). This contradiction calls for an individual process of how honest one is willing to be while communicating. Furthermore, Stahl et al. (2011) also

emphasize the importance of openness in order to understand how trust emerges in a post-acquisition environment.

2.5.2 Integrity

Integrity is an attribute which deals with the consistency of past actions, trustworthy communication, honesty, and to what extent a group's actions align with what they have previously stated (Mayer et al., 1995). Whitener et al. (1998) emphasize the importance of consistency and state that "employees observe the consistency between managers' words and deeds and make attributions about their integrity, honest, and moral character" (p. 516). Integrity based trust is also said to have a considerably stronger impact on post transaction costs than for example competence based trust. This finding refers to the importance of integrity and goes in line with how a single integrity failure can be an indicator of an overall dishonest partner (Connelly et al., 2015).

2.5.3 Benevolence

It seems adequate to define benevolence in terms of goodwill towards others and considering their welfare. Mayer et al. (1995) defines it as to what degree a trustee wants to do good to the trustor. This definition would in our case be to what degree the acquirer wants to do good to the acquired company. Benevolence also entails a transition beyond self-interest, meaning that an employer should pay attention to and protect employees' interests and needs even if he or she is not obligated to do so (Whitener et al., 1998). Kramer (1999) defines benevolence as "individuals' beliefs that authorities with whom they deal are well intentioned and honest in their decisions (p. 586). It should be acknowledged that honesty is a significant aspect for the previous attributes of openness and integrity as well.

2.5.4 Competence/Ability

Mayer et al. (1995) define ability "as that group of skills, competencies, and characteristics that enable a party to have influence with some specific domain" (p. 717). 'Ability' is very much correlated to what Stahl and Sitkin (2005) call competence and this is also the attribute which we will use throughout our research. The term competence seems more appropriate because it can be applied to a single permanent area, for example expertise within the research and development department at the site where we will conduct our study. Furthermore, Mishra (1996) highlights that competence is an aspect of trust that reveals itself in the

relationship between an individual and an organization. These definitions and findings make competence a vital aspect in terms of understanding trust.

2.5.5 Value congruence/Culture

In addition to attributes of competence, benevolence, integrity, and openness, research also considers a certain attention to the congruence of values between organizations and individuals. Trustworthiness entails a trustor's perception of that the trustee conforms an acceptable foundation of principles (Stahl & Sitkin, 2010). On an individual level, trust and distrust can emerge by value congruence. It seems, however, more appropriate to talk about culture when analyzing trust on an organizational level. We follow the definition by Schein (1996) who defines culture "as a set of shared, taken-for-granted implicit assumptions that a group holds and that determines how it perceives, thinks about, and reacts to various environments" (p. 236). Alvesson (2002) ascribes a less central role to values and describes culture as "a system of common symbols and meanings" (Alvesson, 2002, p. 3). Furthermore, the literature on culture in relation to M&As is fairly extensive which is why we have devoted greater attention to this attribute compared to the previously mentioned attributes.

The topic organizational culture is considered as crucial for success of the implementation of an acquisition. Nahavandi and Malekzadeh (1988) stress that culture may be an important determinant for the implementation strategy but also a factor to influence the success of an acquisition. The authors further refer to Sathe (1985) by acknowledging different sets of underlying assumptions and, therefore, a variety of subcultures within organizations which may differ in terms of geographical location, functions, occupations or even product lines and make the topic particularly varied. With regard to the strategy for integrating two companies, the relatedness of the merging firms is emphasized. "In related mergers, the acquirer is more likely to impose its own culture and practices on the acquired company" (Nahavandi & Malekzadeh, 1988, p. 81, referring to Walter, 1985). In the case of our research object, this might bear significant implications also in terms of our main focus: trust in post-acquisition working environments.

Weber and Drori (2011) developed a more distinct theoretical perspective by stating that both a high degree of cultural similarity as well as a significant cultural difference can have negative impacts on M&A outcomes. However, the employees' perception in terms of their own status is taken into account when favoring a merger or acquisition as well as when perceiving the other organization (e.g., the acquirer) as legitimate or illegitimate (Weber &

Drori, 2011). Cartwright and Cooper (1996) take a more drastic stance towards the acquiring firm with regard to its power and its aim to impose their own culture on the acquired company. This is based on the assumption that the acquired firm’s culture will be changed by the purchaser. The current configuration might be perceived as comparatively irrelevant or even unsuccessful leading to disregarding its preservation as well as the use of force (Cartwright and Cooper, 1996). As soon as organizational members of two different parties get in contact or are even forced into interaction with each other ‘acculturation’ will take place. Nahavandi and Malekzadeh (1988) refer to Berry (1983, 1984) and his four different modes of acculturation: integration, assimilation, separation, and deculturation (see Figure 3). These modes differ depending on which of the two ‘sides’, the acquired firm or the acquirer, one focuses on. For our work the perception of the acquired firm will be of more significance. This is depending on the employees’ will to preserve their own culture combined with the attractiveness of the acquirer (Nahavandi & Malekzadeh, 1988).

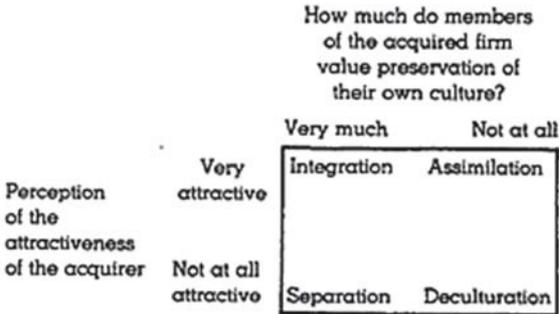


Figure 3: Acquired firms modes of acculturation
 (Nahavandi & Malekzadeh, 1988, p. 83, modified version of Berry, 1983)

Furthermore, Nahavandi and Malekzadeh (1988) suggest considering the congruence between the preferred modes of acculturation of both sides in terms of its significance for the appearance of what they term as ‘acculturative stress’ which is related to aspects as resistance and conflict. Therefore, the mentioned congruence is depicted as an important factor for the overall success of a merger or acquisition. Incongruence between the preferred modes of acculturation might lead to considerable conflicts, at the extreme leading to employees of different levels leaving the company (Nahavandi & Malekzadeh, 1988).

Referring back to Stahl et al. (2012) it needs to be emphasized that the national context correlates with the emergence of trust or rather the perceived trustworthiness of the acquiring firm’s management. The mode of takeover (friendly versus hostile) was perceived differently

by employees of two different countries. Therefore, the study suggests the need to take national context into account when studying the phenomena of trust. It also builds a strong argument for the need to achieve a thorough understanding and corresponding management of culture and institutional context in cross-border acquisitions (Stahl et al. 2012).

To summarize, it is important to note that all the attributes have a unique relationship with trust. Especially openness, integrity and benevolence are interrelated which will become evident within our findings and discussions chapter. Ability, benevolence, and integrity all have substantial and independent relationships with behavioral consequences despite trust being evaluated at the same time (Colquitt et al., 2007). This finding is concurrent with how Stahl and Sitkin (2010) explain the interplay between the attributes: “dimensions of trust vary largely independently of one another and that each dimension represents a unique perspective from which target firm members assess the acquiring managers’ trustworthiness” (p. 69).

2.6 Summary and research question

To summarize, mergers and acquisitions are a relevant topic within contemporary organizational theory. Trust is understood as being a critical aspect during the process of integration as well as in ongoing interactions between employees who became co-workers due to a merger or acquisition. We defined trust by mentioning its two main components: the acceptance of vulnerability combined with positive expectations of behavior or intentions of another party. Further, the five attributes of openness, integrity, benevolence, competence, and culture are depicted as crucial for the emergence of trust. This is one of the main reasons for us using Stahl et al.’s (2011) model of trust as our analytical framework. In addition, it corresponds well with our research site. Lastly, cultural aspects, power-relations, and executive managers play important roles in the development of trust in post-acquisition working environments. We will elaborate upon these aspects in the following chapters and had them in mind when constructing our research question. The nature of trust is complex as demonstrated by the outlined literature. Therefore, the model serves as a guideline for our research. Yet we question its accuracy to cover the substantial complexity of trust.

As a way to study trust we utilize the following quotes defining trust/distrust: Trust is a “psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another” (Rousseau et al., 1998, p. 395) as well

as: “Distrust can be defined as negative expectations of the intentions or behavior” (Stahl et al., 2005, p. 84).

We constructed the following research question with these definitions in mind: **What does Stahl et al.’s (2011, Figure 4) model capture and neglect in terms of aspects influencing trust in the relationship between target firm employees and acquiring firm’s management?**

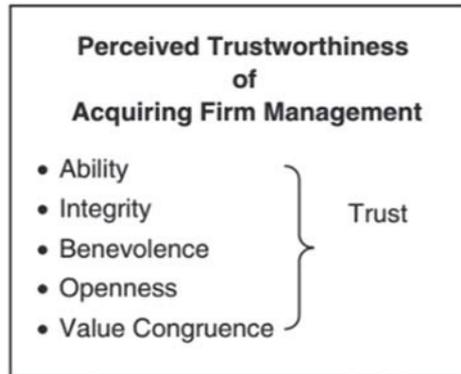


Figure 4: Excerpt from ‘Model of the Antecedents and Consequences of Trust in Acquisitions.’ (Stahl et al., 2011, p. 578)

We will explore our research questions by using the attributes of a trustee which are: **competence, integrity, benevolence, openness, culture**. Based on these attributes we intend to study the understandings of the acquired firm’s employees whereby we will focus on differences in expectations and outcomes and how these affect trust.

3 Methodology

This chapter will outline our assumptions and choice of methods as well as how we plan to answer our research question. The first section will provide an overview of our methodological considerations that serve as a basis for our research. The second section will describe how we developed our research topic and how we found an applicable research site. The third section will provide the context of our research by introducing an overview of our chosen research site. The fourth section will elaborate on how we collected our data and give an explanation for why we conducted the interviews in the manner we did. The fifth section will outline our data analysis methods followed by the sixth and final section which will consider the importance of reflexivity.

3.1 Methodological considerations

We assign ourselves to the interpretivist paradigm since we want to understand how the people we interview make sense of their experiences at their workplace (Merriam, 2002). It will be significant for us to understand trust and get a deeper understanding of the data we will gather throughout our research. We are aware that the our answers to the research questions will be affected by our metatheoretical assumptions which is why we need to make an outline of what our assumptions are so that we can understand its implications on our research. Furthermore, acknowledging that “people construct their social reality” (Alvesson and Sköldbberg, 2009 p. 269) led us to realize the importance of not looking at data as facts. Linking this to our specific project, recognized researchers as Stahl et al. (2013) support to take an interpretive standpoint:

“If sociocultural integration is as systemically complex a process as the research findings are indicating that it is, perhaps it will be fruitful to bring to bear on it multiple methodologies housed, not just in the paradigm of logical positivism, but from the paradigms of hermeneutics and nonlinear dynamics as well”. (p. 347)

This quote underlines the complexity as well as the shortcomings of prior research in relation to M&A and indicates the importance of taking a hermeneutical approach seriously which is what we aim to do with this interpretive study. A reason for this is that hermeneutics follow the ontological view of acknowledging the multiple and contradicting meanings of interpretations (Prasad, 2005).

Alvesson and Sköldbberg (2009) state that “the meaning of a part can only be understood if it is related to the whole” (p. 92) which very much emphasizes the relevance for us to understand the context (the whole) in which we conduct our interviews (the part). What type of departments at the research site we are conducting the interviews in, should therefore be given considerable attention. This is also suggested by Stahl et al. (2011) who state that “individuals may vary in their responses to a takeover, however, depending on their personalities, experiences, and roles in the organization”(p. 595). This means that our participants can provide a variety of different narratives and that it is crucial for us to use our interpretive lens to make sense of the data. Furthermore, our epistemological standpoint is the belief that there are numerous truths created by our participants and that there is no single truth to be found (Prasad, 2005; Alvesson & Sköldbberg, 2009).

We acknowledge that our study is more about the meaning of phenomena than of facts which brings us closer to the circle of alethic hermeneutics and highlights the importance of shifting between pre-understanding and understanding. Furthermore, the hermeneutical paradigm “serves as a useful critical methodology for understanding how communication patterns both expose and conceal specific dynamics” (Prasad, 2005 p. 41). This is especially useful for our research since communication is perceived as being a big part of how an acquisition is conveyed to stakeholders. The hermeneutic thinking is thus a fundamental part of our assumptions guiding our research.

3.2 Development of the research topic

The topic of our research was not predetermined, it was rather ongoing and adjusted as we commenced upon this project. We have gained considerable interest for organizational changes and the many complexities involved through the program ‘Managing people, knowledge, and change’ which we currently study at Lund University. Due to having personal contacts with employees of our research site, we knew about the acquisition of the company, and therefore, the recent major changes. We became interested in how people perceived such a change so we decided to use our connections to set up two exploratory interviews. The interviewees were very positive in regards to the changes. We as researchers became very interested in finding out more about this specific topic. Our assumption was that people would dislike or even distrust the new owner and resist the actions of the bigger acquiring firm but this was not confirmed by our exploratory interviews. Following introductory literature research on M&A to get a basic grasp of the field, we became interested in contemporary

research highlighting ‘trust’ as a crucial aspect. Trust felt like a suitable issue in relation to our academic background as well as our motivation to research a concrete issue from an interpretive standpoint. This is underlined by the very subjective character of trust and the importance of the person-bound perception of the participant. Therefore, we decided to research the topic of trust from the perspective of the acquired firm’s employees against the very interesting background that the acquiring firm’s headquarter is located in the United States.

3.3 Research site

We conducted our research at a site of a former Swedish global medical technology company which is located in southern Sweden. The site was the former headquarter and employs around 1,000 people. The company consisted of multiple sites around Europe. The US-based acquiring company now employs over 50,000 employees and operates within the healthcare sector. As outlined within our literature reviews, culture plays an important role when investigating the development of trust. The cross-border acquisition and the many people involved made the site an intriguing location for our research. We had an open discussion with our contact person at the site regarding the confidentiality of our research and decided to omit the company name together with the names of the interviewees. This was to ensure that confidential information was not spread and to achieve a relatively open and uninhibited participation. We will therefore in the following sections refer to the US-based acquirer as ‘HealthCorp’. We also decided to rename the acquired firm since our participants mentioned its name continuously throughout the interviews. The former Swedish acquired company will be referred to as ‘MediTech’. In the following we will use the names ‘MediTech’ and ‘HealthCorp’ although the two companies operate under the name of ‘HealthCorp’ since the deal for the acquisition was closed in 2013. This is to make clear the distinction between the formerly Swedish site of MediTech and the American-based headquarters of HealthCorp.

3.4 Data collection

Conducting this qualitative study will provide us with rich descriptive data of how the employees at HealthCorp understood the acquisition and more specifically how trust was developed towards the acquiring firm's management. We did this by setting up interviews with managers of the acquired firm. We interviewed people who held the following positions:

site manager, marketing director, two R&D directors, IT manager, IT project leader, Quality manager, R&D integration leader from HealthCorp, and production engineer.

Our interviews within the site were conducted in early 2016 after the deal between HealthCorp and the former owners of MediTech was completed in 2013. The chosen point of time for our study, approximately three years past the acquisition, is feasible (Cartwright & Schoenberg, 2006). We chose to conduct an interpretive qualitative study to gain a deeper understanding of the phenomena of trust. The scope and timing of this research did not allow us to include data from the pre-merger phase which would have been desirable. Instead, we tried to reconstruct the participants' reality of when the acquisition was announced (see interview questions in appendix A). The first four questions of our interview guide were very broad and allowed the participant to speak freely of his/her thoughts regarding the acquisition. It also allowed us as interviewers to acknowledge interesting topics not specifically related to our analytical framework and ask relevant sub-questions. The remaining six questions were all related to the attributes of a trustee (openness, integrity, benevolence, competence, culture) which were connected with expectations and outcomes. The reasoning behind this was due to the definition of trust we used in our research question: "psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another" (Rousseau et al., 1998, p. 395). The differences between the expectations and the outcomes highlighted discrepancies in relation to the five attributes previously mentioned. In addition, it should also be noted that we did not intend to ask all of our interview questions but rather have them prepared in the case of need. Instead, we tried to maintain a very open conversation. Our participants answered by providing us with their interpretations regarding the acquisition and trust between HealthCorp and them.

We as qualitative researchers "are interested in understanding what those interpretations are at a particular point in time and in particular context" (Merriam, 2002, p. 4). We used an abductive approach which has components of both, an inductive and deductive approach, with added elements of understanding (Alvesson & Sköldbberg, 2009). We aimed at holding a basic understanding of theory and frameworks on the phenomena of trust in M&As before we conducted the interviews at HealthCorp. The abductive approach was suitable in our study because we sought to understand the phenomena of trust and also redefine and adjust the framework related to our study during the research process (Alvesson & Sköldbberg, 2009).

We had a first meeting with our contact person to discuss our research topic as well as the mode and structure of the interviews. The extensive network of this person within HealthCorp allowed us to select employees in managerial positions from different departments who hold considerable experience working for both, MediTech and HealthCorp. The selection of participants was performed under the prerequisites that, on the one hand, the candidates should have been affected by the acquisition. On the other hand, we tried to interview employees who are or have been in contact with ‘original’ HealthCorp peers. Our contact person supported us by sending out an inquiry, prepared by us, for participation alongside basic descriptions of the study and the topic. We kindly asked for participation in semi-structured interviews of approximately 45 minutes each. We scheduled and conducted the interviews within three weeks of our research period. During the course of those weeks, we adjusted certain questions and aspects of interest to our developing understanding of the M&A and the organization in general. To gather as rich data as possible but uphold a certain feeling of confidentiality, we left the decision of being recorded to the participant’s judgment. The majority of employees allowed us to record the interviews which made it easier to focus on interviewing the participant as a team of two researchers without being concerned with taking notes concurrently.

The purpose of our interviews was “to obtain descriptions of the life world of the interviewee with respect to interpreting the meaning of the described phenomena” (Kvale, 1996, p. 5). This is in line with choosing a qualitative interpretive approach to our study. We conducted a total of 10 open and flexible semi-structured interviews with employees from different departments who all but one had been working for the former Swedish acquired company MediTech. In order to gain data concerning the acquisition from the opposite viewpoint, we conducted an interview with one candidate who was employed within HealthCorp’s team for integrating MediTech. This interview was arranged with the support of a former MediTech manager we interviewed at an earlier stage.

3.5 Data analysis

The analysis was ongoing and conducted throughout the gathering and transcribing of the data as is part of qualitative research (Merriam, 2002). We discussed amongst ourselves possible interesting themes in addition to the attributes of trust which we were focusing on throughout the gathering process. We transcribed the interviews directly after conducting them to have a fresh memory of the situation. We later sorted and coded the data individually to organize the

themes within our material. The themes were found by looking out for repetitions, transitions, metaphors, theory-related material, similarities et cetera (Ryan and Bernard, 2003). We then connected the found themes to our research question and evaluated which themes were the most salient and to be analyzed further. We did this by having one color for each of our attributes; Integrity, benevolence, culture, competence, openness. We added another color for the data that did not fit any of our attributes. We then sorted and reduced our data by extracting the salient themes into separated sections where we analyzed the material further. The coding and sorting process had been individual up until this stage but we started to discuss interesting and salient themes as soon we had added all of our individual findings into the different colored sections. This developed each researcher's individual perception and thereby also contributed to the depth of the findings. It was also very helpful to revisit our theoretical background throughout the process; this was something that the abductive approach allowed us to do (Alvesson & Sköldbberg, 2009).

3.6 Reflexivity

We as researchers have to consider ambiguities and deviations within interviewees' narratives. Furthermore, we decide what is worth taking seriously and perform interpretations to reveal the meaning of the phenomena of interest (Alvesson, 2016). Considering the importance of reflexivity encourages us to take a step outside of our thinking loop to take a look at ourselves in order to challenge and confront the same loop because we understand that beliefs are central in what guides us. We will use a two-step model to do this, which entails interpretation and reflection upon the initial interpretation to critically test it and suggest a reinterpretation of our data (Alvesson, 2016). It is also important for us as researchers to acknowledge that our individual sense making is affected by the language and cognitive patterns of the society as a whole (Prasad, 2005). This links back to the multitude of truths being constructed depending on a single individual's perspective. Reflexivity also entails a certain degree of flexibility which was particularly salient for our research since we were guided by Stahl et al.'s (2011) model of trust. We based the majority of our interview questions around the mentioned attributes but made sure to not limit ourselves to them and proceed on topics we found interesting (Alvesson & Sköldbberg, 2009).

4 Findings and discussion

Within the following chapter we will elaborate on the findings which result from the conducted interviews at MediTech in Sweden. We divide this section into five interrelated parts whereby these link back to our main framework of trust by Stahl et al. (2011). After we outlined the findings for each attribute it is necessary to discuss the found themes with regard to its relevance for answering the research question. Moreover, we will relate the found aspects to our literature review, highlight correlations as well as deviations and present support for considering an extension of the framework which will be introduced in the following chapter.

4.1 Openness

4.1.1 Findings on openness

The first attribute of trust we evaluated was ‘openness’. As outlined earlier, this attribute is related to the accuracy and sincerity of information sharing and communication within the company. We divided our findings into three main areas.

First, the participants talked about a general flow of information and how it is spread throughout the company. Here, the communication from HealthCorp-side is perceived relatively positive which is in line with the following quotes:

“HealthCorp tries to inform as much as possible” - Peter

“They are doing a good way of informing and communicating” - Johan

“Yeah, they are very thorough in communication. There is a newsletter for new things every week. It is almost like it is an overload.” - Martin

*“They are good at communication. They don’t lie but they don’t tell you everything.”
- Julia*

Second, the primarily positive statements with regards to communication and information flow in general are in contrast with the perceptions of the interviewees in relation to the openness of HealthCorp in the course of integrating the two firms. Almost all participants expressed clashes between expectations and outcomes. Expectations were mainly positive:

“I expected very open, interested HealthCorp colleagues who were keen to know everything about MediTech” and “HealthCorp said they would sit down with MediTech and listen but they did not” - Martin

“They talked from the beginning very much that ‘You shouldn’t see us as the whale swallowing the small fish. You should see it as we put everything on the table and we take the good pieces, if those come from MediTech or HealthCorp doesn’t matter, no prestige, we will take the good pieces.’ And of course, this is where I think we might be a bit naïve, in Sweden at least.” - Lisa

“This was an acquisition of... or almost a merger of equals. So the positioning was that we took from each side. HealthCorp didn’t want to recreate something” and “I think this lead to expectations that this is merger of equals and I believe from a MediTech perspective, there was an expectation that they were treated respectfully and people will listen to them and it went quite a while like this.” - Simon

Later on the participant explains the development of those expectations and states that some people involved in the integration said:

“Look, this is not a merger of equals because HealthCorp is a lot larger company than MediTech. This is where it started.” – Simon

“They opened up for a close collaboration; I’m talking about how people thought about it. We thought how it should be and we became frustrated and spoke up.” – Julia

The outcomes of how MediTech employees perceive HealthCorp in terms of openness are relatively diverse. Concerning the integration approach the following quotes are demonstrated:

“HealthCorp claimed ‘we will really look at best practice and really try to pick the best pieces from both places and build new.’ I think that didn’t come true, no. I wouldn’t say it would have been my expectation from the beginning but based on the communicated it was the expectation that was created.” – Lisa

Furthermore, Lisa expressed that:

“We do all of that work and we feel so happy and energetic and we are learning so much and then nothing happens. ‘Hey! I was providing a lot of my time, input, experience, and knowledge what happened? No we decided to not do it’ [HealthCorp peers]. I think when people have been in those situations and they realize that, ‘ok now they didn’t do anything about this and we are doing it the HealthCorp way’. And when people talk to each other and it piles up.”

“HealthCorp emphasized a collaborative approach which wasn’t put into practice. That harmed the trust. As they started to realize ‘Shit, maybe it is the case that we don’t know it all’ that was when they let down their guards and said ‘Hey guys, we are really interested in what you are saying’ – Martin

Johan described the openness of HealthCorp with the following statements:

“People including myself have been disappointed that they don’t want to learn from the company they acquire.”, “It should be done the HealthCorp way.” and “We heard rumors that they didn’t adapt to anything after they visited us.”

Afterwards he concluded that:

“HealthCorp did some errors in the integration; they should be more open in learning” - Johan

We asked Simon if MediTech managers became defensive as they recognized that the ‘merger of equals’ was not put into practice. He answered: “In my sense yes, there was probably a little bit of that because I am not sure how well things got communicated.”

Also Lucy expressed a shift in terms the openness of HealthCorp:

“They were really open and we had a really good communication in the beginning. After this, it has been quite silent” and “In the end, the US is deciding.”

After those statements illustrated the perceptions of the integration efforts, we turn to the perceived current state of collaboration between the formerly two companies. In the course of the interview, Mary expressed the following:

“It would be good if we could have helped each other out and at least share experiences and knowledge on a regular basis.”

Furthermore she makes strong comments with regards to the behavior of her team and her own:

“We don’t trust them so we don’t share [experiences and knowledge] which of course leads to that they demand information so we send them numbers and data.” And “Instead of finding a way to be proactive and keep as much as we can here [referring to teams and functions which may be re-arranged in the future], instead we are building up the walls, ‘they are not going to touch this’.” - Mary

Peter is one of few who has fairly positive view and criticizes the openness of his MediTech colleagues:

“HealthCorp is open. Some people in MediTech don’t think they are respecting and open and therefore keeping it to themselves and try to do things according to the old rules.”

Linking back to the perceived errors in integration or the lack of openness in the course of these efforts, some employees see a positive trend:

“At least they start to be a bit more open-minded” – Mary

“They started to realize ‘shit, maybe it is the case that we don’t know it all’. Then when they let down their guards and said ‘Hey guys, we are really interested in what you are saying’ and the things that driving there make the trust build up again” – Martin

The third and last aspect in relation to the perceived openness of HealthCorp concerns the communication of specific, work-related issues with relevance for the recipient. Mary gave one example on how HealthCorp made a specific work related decision (changes in one process) without communicating or asking for her input. After she enquired her HealthCorp peers to inform her about when and who decided this (in what meeting, what meeting-minute?) she found that the HealthCorp peers decided on the changes on their own without consulting the Swedish site. Eventually, the decision was revoked. Furthermore she explained that missing communication feeds distrust and this is because:

“There are no channels for a joint communication. This leads to gaps in the communication exchange.”

The other interviewees had the following comments:

“It is a larger company now, you need to be open to admit that you have been acquired. They probably withhold the information from me for reasons. It is harder to access the details you are interested in.” - Johan

“I know what I need to know, if I don’t know it then I have problems but if I know what I need to know and hopefully a bit more around then it should be fine” – Lisa

Lisa’s comment that she know what she needs to know was made in the context of culture of former MediTech and the interests of her colleagues at the site. Here she stated that “People want to know everything. They love secrets”. The availability of the information is reduced. This marks one difference to the pre-acquisition time and is related to the working culture which will be addressed in section 4.5.2.

4.1.2 Discussion on openness - The whale swallowing the fish

As stated before, we consider openness as particularly important for the emergence of trust between organizational members. Major organizational changes as initiated within HealthCorp and former MediTech in the course of the acquisition efforts require communication between the two parties. Heracleous (2003) underlines that alongside the need to “communicate a clear rationale for the change” (p. 105), the importance of communication lies not only in “informing, motivating, and co-ordinating but also in managing employee

expectations” (p. 105). Especially the latter aspect – the employee expectations – can be directly connected to our research since evaluation of expectations was a major aim of our interviews.

The participants distinguished between informing actions by HealthCorp as for example sending out newsletters or sharing general organizational information and the openness in terms of the integration efforts of the two firms. The former was in general perceived as positive or even as a strength of HealthCorp. This view was slightly attenuated by some interviewees who perceived it as ‘overload’ or were struggling with accessing further information. The following quotes illustrate the latter:

“It is harder to access the details you are interested in.” – Johan

“I think I get like maybe 12-15 information emails every week where either the information is totally irrelevant or I cannot get to the depth of the information of those I find interesting.” - Mary

The latter aspect – the openness and communication in the course of integration – can be linked to the introductory stated quote by Heracleous (2003). If we accord credibility to the interviewees, the aim for an open and collaborative integration approach from both sides can be assumed. The participants repeatedly stated that HealthCorp emphasized a ‘merger of equals’ as well as rejecting the ‘whale swallowing the small fish’-metaphor to describe the setting in the beginning of the integration. Therefore, the former MediTech employees interpreted that the situation influenced by this kind of communication invited open collaboration. The interviewees Martin, Simon and Johan expressed openly how they perceived the integration of the two companies. The communication in the beginning of the integration was not accurate. Inconsistencies between communication and action will also be addressed in the next section of ‘integrity’. The collaborative approach and the merger of equals was not realized which was perceived as an error or as an aspect negatively influencing trust among the former MediTech employees. Marks and Mirvis (2001) highlight this issue and state that “one of the worst moves a buyer can make is to talk merger and act acquisition” (p. 86). Simon suspected the difference in size of the two firms as reason for this failure. The organizational settings as well as the effects of a potential power asymmetry will be addressed at a later point. Other participants stated that HealthCorp was not open enough to learn from MediTech. Martin expressed this as HealthCorp letting down their guards:

“As they started to realize ‘Shit, maybe it is the case that we don’t know it all’ that was when they let down their guards and said ‘Hey guys, we are really interested in what you are saying.’”

These initial barriers for collaboration and adaptation might have also been prevailing at the Swedish MediTech site. Participants recognized behavior of distancing from HealthCorp as well as colleagues “keeping it to themselves and try[ing] to do things according to the old rules” (Peter).

Considering the ‘merger of equals’-metaphor from a theoretical standpoint, literature on organizational justice may be applied. However, realizing the integration under equality-parameters would have asked for aspects as the so-called distributive and integrative equality (Meyers & Altenborg, 2007, referring to Zaheer, Schomaker & Genc, 2003). Here, for example, the equal distribution of positions for former MediTech personnel within HealthCorp’s management team would have been necessary. Moreover, equality in terms of perceived ‘gains’ and ‘losses’ on both sides would have been required. We talked to interviewees who held the predominant perception that the changes “should be done the HealthCorp way” (Johan), which indicates the feeling of inequality. It needs to be acknowledged that according to theory, “there is more ambiguity in cross-border mergers and this leads to confusion and multiple interpretations of the merger process” (Meyers & Altenborg, 2007, p. 258, referring to Risberg, 2001). In this regard, it might be seen as positive that MediTech employees did not take the initial ambitions of a merger of equals seriously since multiple interpretations could have resulted in even stronger conflicts, for example, involving egocentric or even nationalistic tendencies (Meyers & Altenborg, 2007).

Linking back to our main framework, the model by Stahl et al. (2011), the status variables of ‘mode of takeover’, ‘power asymmetry’, ‘autonomy preservation’ and ‘communication quality’ are influencing the perceived trustworthiness of HealthCorp’s management. The lack of openness can be seen as both a result and an origin of the mentioned status variables. The shift in the mode of takeover from open, collaborative towards closed and directive may be connected to a perceived power asymmetry with a clear tendency towards the acquiring firm HealthCorp. Moreover, directing how to do about the changes indicates the reduction of autonomy. The communication quality can be estimated diversely based on the mentioned perception of good, general communication clashing with the insincere communication in the beginning of the integration process. The formerly mentioned ‘guards’ on both sides may be interpreted as barriers for ‘information sharing’ as well as negative signals with regards to

‘willingness to cooperate’ and ‘commitment’ in general. These aspects are considered as ‘sociocultural integration outcomes’ within Stahl et al.’s (2011) model and led to negative implications for trust and the performance of both companies.

Until this point, the attribute of openness with its effect on trust is depicted as rather negative. On the contrary, the interviewees took a more positive stance with regards to the current situation. They explained that HealthCorp is in general more open and actors are more ‘humble’ than in the past. Mary was the only employee we interviewed who was engaged in an ongoing struggle in terms of openness and communication especially with her American HealthCorp peers. We interpreted her statements as a serious issue leading to insufficient collaboration including unnecessary repeated performing of tasks which immensely influenced her overall perception on trust in a negative way. Interestingly, Peter stated that it is the MediTech employees who do not recognize the open and respecting attitude of the HealthCorp colleagues leading to the described distancing.

In general the interviewees claimed to understand why and how HealthCorp communicates with the former Swedish site. They agreed on the necessity of a limitation for openness. The perception that holding back specific information (as for example strategic decisions) makes sense and that the reasons for this are tightly connected to what we will discuss later under the metaphor of ‘the rules of the game’ in section 5.2. Agreeing on the limits of openness is in line with Mishra (1996) who states that being too open may “serve to impair rather than enhance trust” (p. 267). He mentions the example of a negative impact on trust by being too open in the sense of confronting a person with his or her personal flaws which is very specific. However, we find it hard to imagine a more negative effect arising from too much openness (especially in turbulent times and high uncertainty in the course major changes) than the potential damage to the trust of employees created by the opposite. The next chapter on ‘integrity’ is tightly connected to openness. We ascribed the aspect of honesty to integrity rather than to openness which is perceived differently among researchers. We recognized during our interviews that the lines between the two attributes are blurred. Integrity follows openness because the findings also primarily concern the integration process.

4.2 Integrity

4.2.1 Findings on integrity

Integrity concerns the consistency between words and actions as the quote by Lisa demonstrates, “It is difficult to walk the talk and I think that it’s the best way of building trust”. Integrity is also about trustworthy behavior and honesty which in our case refers to HealthCorp’s announcements and actions during the integration process. We found that there were some inconsistencies between the communication and the actions of HealthCorp from the perspective of our participants as demonstrated by the following quotes:

“People said ‘Let us do it like this, let us go that way.’ and then one month later ‘No, go that way.’, that does not build trust. It’s not really reliable” – Lucy

“They [HealthCorp] are afraid of being honest to their own organization”, “We heard rumors that they didn’t adapt to anything after they visited us” – Johan

“I don’t think they were really honest when they went into the integration. It is better to say ‘Hey guys there is change coming we are going to change a lot.’ And then people will know”. - Martin

Moreover, Martin imitated MediTech colleagues by stating “They said we would do it together.” He commented further “Guys come on, it is not going to happen. We got new masters”.

These quotes demonstrate that there was a general belief that the integration process would be done more collaboratively which we also found in our openness section. However, some of our participants believed HealthCorp acted in honest manners even if the expectations were generally unmet as portrayed by the following quotes:

“HealthCorp has been honest in why they exit the team at [MediTech]” – Peter

“We [MediTech] tried to push our strength, he [integration leader] put his foot down and he was sincerely humble” – Julia

“HealthCorp has been doing re- organizations ... that in itself make it shaky to be here. They do it to their own people as well. So that, in that turn makes me trust them.”, “They have to take the role even if they don’t want to because they own us. That is always a discussion but you know, you have to accept it was HealthCorp buying us and not the opposite” – Peter

Lastly, the majority of our participants expressed positive expectations regarding the recent change of HealthCorp's CEO. A quote by Martin, where he explains an announcement made by the CEO, emphasizes his integrity:

“‘We know we have to change, you got the mandate to do it, don't be too crazy but we have to change.’ And I think that would have been a very nice opening after the acquisition was announced.”, “He is one hard driving guy, I tell you” – Martin

This is also highlighted by Peter who stated that the new CEO treats everyone the same and that “It is not only us on the floor who are afraid it is the whole chain“. Martin expressed during a similar discussion that “I don't think that the trust is going to go down. It thinks it is going to go up!” which emphasizes his positive expectation of the future integration process.

4.2.2 Discussion on integrity - Walk the talk

Our findings portrayed a rather negative side of HealthCorp's integrity as demonstrated by Martin who argued that HealthCorp should have been completely honest in the beginning of the integration process so that people would understand that changes were coming. However, it is incautious to already conclude that MediTech's employees distrust HealthCorp in terms of their integrity. We found in our openness section that there was a general belief that HealthCorp's intentions were good and that they actually thought they could perform a ‘merger of equals’. This is stated by for example Lisa:

“I think too that probably the HealthCorp's intention from the beginning was really to look at best practice and get the good pieces out of MediTech not realizing how differently we were working and how much change it would have meant to the HealthCorp team.”

Subsequently, HealthCorp did generally not adapt to the best practices of MediTech. The perceptions of our interviewees were composed of negative impression entailing HealthCorps missing competence to integrate the firms and the feeling that ‘they did not care’ which will both be addressed at a later stage in more detail. Failing to make the initial intentions a reality was interpreted as inconsistency between ‘how they talked and how they acted’ which decreased MediTech's trust towards HealthCorp. It is particularly important to consider the aspect of integrity since a single incident of lacking integrity can be perceived as an indicator of an overall dishonest partner (Connelly et al., 2015). In addition, we should also remember that trust in terms of integrity is about the belief of the other party's reliability (Mishra, 1996). This means that the aspect of integrity is highly contextual and varies depending on the

position and department of our participants. Our interpretation from the perspective of our participants is that HealthCorp is not unreliable or dishonest but perceived as rather unaware of the complexity an acquisition of this size entails. The paradox of this attribute is that as our participants' awareness regarding the reasons for the weak integration process increased, the more it seemed like their level of negative perceptions decreased. This is especially contextualized by Lisa who reasoned around the weak integration process right after the above quote. Lisa's quote can be interpreted as that she still sees HealthCorp as honest and well-intentioned even if HealthCorp talked merger and acted acquisition.

Furthermore, it should also be noted that the deteriorating level of trust became alleviated for some of our participants who used their personal knowledge to understand why it could not be a merger of equals. Peter stated that HealthCorp had always been honest and that they treated everyone the same. Martin stated that he understood from the beginning that it would never be a merger of equals and that it was naïve to believe so. This specific topic is related to our findings section of 'rules of the game' and is something that is not included in the analytical framework by Stahl et al. (2011). We will therefore investigate the importance of personal knowledge further at a later stage of this research.

Lastly, we also noticed that some of our participants embraced the new CEO as someone who is straightforward, fair, and hard driving. We got the perception that our participants believed the new CEO is very authentic. Interestingly enough, authentic leadership is believed to be the solution for today's immoral acts. It also entails a follower-leader relationship that is characterized by openness and trust (Alvesson & Sveningsson, 2013). This means from our participants' point of view that trust can be generated through a mere belief or perception that another party is authentic. Martin's quote "I don't think that the trust is going to go down [under the newly appointed CEO]. It thinks it is going to go up!" demonstrates this.

4.3 Benevolence

4.3.1 Findings on benevolence

As mentioned before, benevolence concerns to what degree HealthCorp wants to ‘do good’ to the acquired company MediTech and doing so while being honest and well intentioned. We found that people at MediTech expected the intentions of HealthCorp to be good at the same time as they expected there to be some issues regarding the size of HealthCorp as stated by the following:

“My expectation is that everybody would act with decency and respect each other but I mean again it is a big fish” – Lisa

American companies as HealthCorp might “take over, close down factories, move functions without hurt of feelings” – Peter

It became evident during the integration process that people from MediTech perceived HealthCorp’s actions as ‘not caring’ as stated by the following:

“If it’s not wrong in HealthCorp’s eyes it’s not wrong”, “they don’t care about our problems” and “You should be allowed to tell your opinion” – Julia

“We feel they are just showing us that they bought us and that we have nothing to say” – Mary

“The HealthCorp people still talk of MediTech as being MediTech, this is a problem. They talk about us and them” - Johan

“No real interest in MediTech in the beginning, HealthCorp did not care” – Martin

Johan also stated that middle managers of HealthCorp occasionally stated “Don’t forget who acquired whom” during the integration process. These quotes are mostly concerning the beginning and the middle part of the integration and when we start talking about how it is today, the outcome of the acquisition, a realization that HealthCorp just acts in the interest of their business surfaced. This is demonstrated by the following statements:

“they have no special feeling for [this site]” and “they just want the best for the company” – Peter

“if you expect this to be a democracy where everybody’s vote count then you would feel that it is not fair, if you realize that this is a company looking for profit to their shareholders and they will do what top level finds best to accomplish those objectives and I think it is fair. As long as you understand this is the rules of the game” – Lisa

“I think they have respect for what MediTech has done in the past. But I am afraid that most people here don’t understand that” - Peter

4.3.2 Discussion on benevolence - Don’t forget who acquired whom

In terms of the perceived benevolence of HealthCorp’, their intentions and goodwill (Mayer et al., 1995), it should be noted that benevolence intervenes with our previous sections about openness and particularly integrity. We found the way our participants talked about the integration process very interesting since we could see a pattern in how they told their stories. The acquisition started out with the expectation of being a merger of equals which later became unrealized while HealthCorp was not able to walk the talk. These circumstances in turn caused resistance from MediTech and maybe even unwillingness to cooperate at some stages which led to the ‘uncaring’ actions of HealthCorp were statements such as ‘don’t forget who acquired whom’ were made. The lack of ‘caring’ is, for example, portrayed by Julia who stated that “they don’t care about our problems”, as well as Mary who stated that “we feel they are just showing us that they bought us and that we have nothing to say”. Such statements are arguably signs of deteriorated rather than developed trust between two parties and are not preferable for future interactions. However, as we saw in the case of openness and integrity, the tone of such statements changed when our participants started to talk about the ‘rules of the game’ and how a big organization like HealthCorp does not care more about them than anyone else within the company (other sites et cetera). In this regard, Julia states that “they just want the best for the company” which aligns with Lisa’s statement: “If you realize that this is a company looking for profit to their shareholders and they will do what top level finds best to accomplish those objectives and I think it is fair”. Here we see that the perceived unfair actions of HealthCorp were explained or acknowledged as ‘just being business’. This understanding could be a way for our participant to cope with the asymmetrical power situation.

Furthermore, as noted by Stahl et al. (2011), the analytical framework which we use concentrates on the relations between acquired firm employees and top management of the acquiring firm. Trust goes both ways and it is likely that there will be consequences if any of the involved parties does not feel trust towards the other. For now, we have mostly evaluated trust from MediTech’s perspective but it is also important to consider HealthCorp’s perspective to understand the broader picture. As stated by Johan, “The HealthCorp people still talk of MediTech as being MediTech, this is a problem. They talk about us and them”. It is evident that he believes that HealthCorp have issues of trusting MediTech and this impacts

his feeling of trust towards HealthCorp in turn. It should therefore be emphasized that trust is a two-way phenomenon.

4.4 Competence

4.4.1 Findings on competence

As outlined earlier (Mayer et al., 1995; Mishra, 1996), abilities, competence and expertise are relevant aspects related to the perceived trustworthiness a person holds of another party within a relationship. In the course of our interviews we addressed these terms by asking for the expectations and outcomes in these regards.

The first salient theme was based around the perception that “they [HealthCorp] bought us [MediTech] due to our competencies” (Julia). This was stated several times and repeatedly linked to a specific technical area of MediTech’s business.

The expectations expressed by MediTech employees from different functions varied regarding HealthCorps abilities as the following quotes express.

Negative expectations:

“We thought they were lousy.” – Julia

“I expected more knowledge, than they have today” – Peter

Positive Expectations:

“Maybe we had the expectation that they were a little bit superstars actually but when we started to work it turned out to be a little bit the other way round.” – Martin

“I expected HealthCorp to be much better than they are. Especially in the IT area, we had to reverse all the processes maybe 5-6 years.” – Lucy

These statements were qualified for example by Johan who acknowledges that “in MediTech we have considered ourselves to be best at everything”. Secondly, participants also diversely expressed how they believed HealthCorp expected MediTech to be constituted in terms of competence.

“I think that HealthCorp in general expected high competencies” – Simon

“I also think is that they had very low expectations on us to be honest. I think they had very high perceptions of themselves and very low ones about us.” – Martin

Third, and in addition to the mentioned positive and negative expectations, MediTech employees talked about the current state or the outcomes by saying that:

“What struck me afterwards is that they are very competent. They are very technical and I didn’t really expect this.” – Johan

“As well we know our shit in [our area] they know their shit.” – Martin

“HealthCorp is highly competent. Super competent, they are amazing. They have such facilities where we definitely feel like the cousin from the countryside.” This was expressed alongside: “I think, maybe it is too scientific. Maybe that is why it is too costly or slow” and “I think HealthCorp talks a lot about simplifying the complex and [pausing] I don’t see it happen.” – Lisa

“Computer systems went back 10 years in time” – Julia

“They have less competence than we have” – Peter

Fourth, employees linked competence and trust by stating that:

“So my expectations in general, and it is not related to HealthCorp or acquisition or anything, is that [...] you do trust people's competence” – Lisa

In addition to that, the changes in terms of a different management style which we address within the section on ‘culture’, affect the MediTech employee’s perception on how HealthCorp trusts them and their competence.

“For us it is still a bit more bureaucracy than what we would have wanted because we trust people and their competence and they don’t in the US” – Mary

Lastly, the interviewees are rather critical on the process of integrating MediTech into HealthCorp which was related to a lack of knowledge or abilities:

“They underestimated how tough it was to integrate the company.” – Julia

“They did not have experience of acquiring companies” - Johan

“HealthCorp hadn’t done any big acquisition before so if we were to implement best practices everywhere it would have been enormous work.” – Lisa

“They thought they knew it all but they did not. They did not do their homework ... they have wakeup calls every third month when some shit is floating to the surface and now I think they start to realize and learn the business.” - Martin

4.4.2 Discussion on competence –Trust people’s competence

Participants’ thoughts regarding the attribute of competence varied immensely depending on his/her experiences, interactions with HealthCorp peers, and department to name a few.

However, one of the salient themes was based on the perception that MediTech was bought due to their competencies. This is a rather interesting finding since it might have impaired the integration process and therefore, as outlined earlier, also the aspect of trust. Linking this back to our benevolence section where HealthCorp peers used their power to achieve desired collaboration must have had a considerable impact on MediTech's trust towards HealthCorp. MediTech employees consider their competencies and expertise as one main reasons for the acquisition as Julia plainly states: "they [HealthCorp] bought us [MediTech] due to our competencies". On the other hand, our interviewees expressed the feeling that their competence is not being valued which led to resistance when HealthCorp used their dominant position to establish cooperation. This is also an interpretation that can be drawn from Lisa's statement around benevolence: "so my expectations in general, and it is not related to HealthCorp or acquisition or anything, is that [...] you do trust people's competence". She added this statement without our input after stressing that she expects people to treat each other with decency. Since this context feels rather disconnected from competence it makes us believe that she has the perception of HealthCorp not trusting the competencies of MediTech employees. This aligns with the following statement by Mary: "For us it is still a bit more bureaucracy than what we would have wanted because we trust people and their competence and they don't in the US". Thus, having the perception that one's competency is in general not valued influences trust in a negative sense. This perception is, however, more related to the attributes of culture (underlying assumption) and openness since the competencies as in having the necessary skills are not neglected.

In addition, a theme that is not represented in Stahl et al.'s (2011) framework is our participant's explanation for problems surfacing in the course of the integrating. Here, HealthCorp's lack of knowledge regarding integrations was expressed as an explanation for the prevailing issues as demonstrated by the following quotes: "They did not have experience of acquiring companies" (Johan), "HealthCorp hadn't done any big acquisition before so if we were to implement best practices everywhere it would have been enormous work." (Lisa). This could be interpreted as a status variable that affects the perceived trustworthiness of the acquiring firm management. Stahl et al. (2011) incorporate relationship history in their model but it only concerns the two firms of interest, it does not take past experiences of each firm into account. Our findings thereby reveal limitations of the model which suggests the development of trust within a closed system what we will argue is insufficient. We will, among others, develop this limitation at a later stage of the discussion.

4.5 Culture

4.5.1 Findings on culture

In this section, the set of shared values MediTech holds and its implications for integrating with the American company HealthCorp are presented. We found that there was a reoccurring tendency to stereotype the American and Swedish cultures as demonstrated by Peter who jokingly stated that “they understand the world around them but still they are American and America is bad”. The following statements also align with how Peter perceived America:

“Back to the Swedish culture, we are not very trusting especially when it comes from another country, and America we all know how they are like” – Lisa

“I worked 3 years in the US for [a multimedia company] so I felt very skeptical going into an American work culture”, “There you are so dependent on your knowledge and being able to prove that you are exceptional and that you are the expert” – Mary

“Swedes, myself including, feel that Americans are extremely shallow” – Julia

A stereotypical Swedish culture was also portrayed:

“Here in Sweden everyone should be included and all should decide together” – Lucy

“People expect it to be a democracy somehow. And business usually is not a democracy but I think Swedes might think it is a democracy because we are used to being listen to and have rights and express them and we get quite puzzled when somebody just says ‘I don’t care I will make my decision anyway’ so there might be a cultural difference” – Lisa

We found mixed responses regarding the cultural issues involved in this cross-border acquisition and a different management style. The negative aspects are demonstrated by the following quotes:

“Leaders came in from HealthCorp and danced like cats around hot porridge, they were the careful people and MediTech’s management couldn’t follow the dancing” – Julia

“You walk around the problem in the HealthCorp side. Our old culture wasn’t like this” – Erika

“Management is more ‘untouchables’, more political, stricter rules and more engagement and decisions take longer, this is different to the Nordic culture which is quite direct” – Martin

“We have to adapt to the US, the management style is very different. More tracking and following up” – Johan

“It comes from the top and goes down, down, down” and “everything goes through my manager” – Lucy

Many of our participants also expressed a positive feeling around the clearer roles and objectives deriving from being part of an American organization as expressed by Mary, “for this to work you need to have clearly defined processes and procedures”. Similar feelings were expressed by such quotes as:

“MediTech people have been interested in what happens everywhere. [...] You don’t care so much about this in the American culture. It helps people to stay focused about their job. Reducing the scope is good.”- Johan

“They challenge us which I think is many cases good but it leads to people becoming defensive” – Mary

“You are always challenged and it is always a good attitude” – Martin

The following quotes express the implications for having a different organizational setting and not being aware of its impact on the integration process:

“I don’t even have a name or person to contact because it is virtual groups, systems where this information is fed in and conclusions are drawn in boards where no one has any insight or are a member and then questions down the chain down to the site manager or my boss’ boss’ boss.” – Mary

“decision routes longer many times and we were used to being the HQ here which we are no longer. We are very far from Chicago which impacts, maybe not to the better.” And “HealthCorp’s intention from the beginning was really to look at best practice and get the good pieces out of MediTech not realizing how differently we were working and how much change it would have meant to the HealthCorp team” – Lisa

“Meditech is lean, HealthCorp has grown fat” – Johan

“It is highly regulated in HealthCorp and this is more than MediTech was”, and “Somewhere down the line they learned shit this is a complex thing.” – Martin

“I think the change took too long, it was too slow in general... now I feel like I am HealthCorp but it took a long time.” – Lucy

Lastly we found that people expressed a personal attachment to the MediTech culture and talked about HealthCorp as being detached from their everyday work. This is demonstrated by the following quotes:

“I miss the culture, MediTech. I would rather be in MediTech” – Julia

“One said ‘I used to be the new kid on the block, now you are’ so they helped us out. But this has changed today. MediTech people are siblings, HealthCorp people are cousins” – Erika

“We don’t see them as our parents so to speak. We still see them as ‘those guys’” – Mary

4.5.2 Discussion on culture - Facing differences

After we discussed the attributes of openness, integrity, benevolence and competence, it is now necessary to address the cultural aspects influencing trust in the post-acquisition working environment at our research site. We do that at last since we perceive culture as an overarching or even surrounding theme which builds an open frame around, for example, the behaviors within the firm and affects the perceptions of our interviewees. The latter is tightly connected to the meaning people ascribe to experiences and events (Alvesson, 2002).

To begin with, we found differently perceived nuances of culture between the European, American, Swedish and a variety of different sub-cultures inside the single firm. Some of our interviewees responded to questions about the organizational culture with relatively common assumptions or stereotypes of the ‘bad American’ who is shallow, top-down and self-centered versus ‘the Swedish’ who is a direct but sometimes naïve democrat. We interpret these statements as “broader, historically anchored cultural ideas [which] tend to create unquestioned understandings that restrict our autonomy” (Alvesson, 2002, p. 159). We consider these statements of the interviewees to impair the development and current state of trust between MediTech and HealthCorp since they are mostly negative. Especially the autonomy of thought in terms of what to expect from the other party is interfered. In some cases we believe that these prejudices might have complicated, for instance, the integration efforts as well as the current mode of collaboration.

The participants outlined perceived changes with regard to performing the business, for example in terms of problem-solving, which was described as more lengthy and indirect (“walking around problems”, Erika) and came together with more bureaucracy, regulations and the ‘fat’ organization of HealthCorp. The aspect of increased duration of actions also played a role in the integration process which was perceived negatively. As noted earlier, people felt that HealthCorp lacked competence to integrate the two firms. These negative

changes might influence trust employees hold towards HealthCorp peers and the organization in general.

Also in terms of culture but on a broader level, the managers within MediTech recognized a difference in management style finding its way into the company. Here, top-down management accompanied with larger distances between managers and the shopfloor-level as well as micro-management with more strict roles, responsibilities and goal setting was repeatedly described. One could say that these changes are classic or even also stereotypical differences between the Swedish and the American working culture. Top-down decisions made within HealthCorp have led to irritations among employees within MediTech. Lisa made the following statement:

“People expect it to be a democracy somehow. And business usually is not a democracy but I think Swedes might think it is a democracy because we are used to being listen to and have rights and express them and we get quite puzzled when somebody just says ‘I don’t care I will make my decision anyway’ so there might be a cultural difference”

These differences in terms of working culture are supported by theory. Larsson and Lubatkin (2001) refer to other research when comparing the US and Sweden. “Whereas the Anglo-American heritage fosters equality, individual responsibility and competition (Calori et al., 1997), Sweden emphasizes egalitarianism, collective responsibility and cooperation (Czarniawska-Joerges, 1993; Tornblom et al., 1985)” (Larsson & Lubatkin, 2001, p. 1580). Next to Lisa’s statement, we found additional expressions on the Swedish focus on cooperation, collective responsibility et cetera. Our participants were aware of the different American style. Especially the statements by Mary and Martin: “There [in the US] you are so dependent on your knowledge and being able to prove that you are exceptional and that you are the expert” and “You are always challenged and it is always a good attitude” highlight the aspects of competition and individualism which Larsson and Lubatkin (2001) refer to. Taking these differences into account, it is relatively simple to attest incongruence in terms of the values or underlying assumptions the different people within MediTech and HealthCorp hold. Changes in practices as the mentioned top-down approach as well as the more clear roles and responsibilities are expressed by our interviewees. These practices can be seen as formal control mechanisms which HealthCorp inflicted upon MediTech and the MediTech managers might favor in order to control their subordinates. The latter assumption is made based on positive statements about more clear roles and a stronger goal-orientation. The reduction of scope of the employees (also in terms of being informed about ‘all and irrelevant details’) was

perceived positively by the managers which invited our interpretation. We assumed at first that the removal of autonomy (as outlined earlier) leads to negative impressions among our interviewees. However, we discovered a rather positive stance towards it which we see in the context of changes in the individual position or role of the participant as well as in the aligned reinforcement of power on individual level. Therefore, it is questionable if the interviewees feel a reduction of scope for their own position as well while this relatively often changed in the aftermath of the acquisition (towards a higher level or more senior managerial position). These aspects are related to our metaphor to acknowledge the ‘rules of the game’ and they will also find consideration in section 6.2 on identity work focusing on the individual level. Moreover, the impact on trust due to the described aspects is hard to assess. Negatively perceived changes (top-down, longer distances et cetera) meet positively perceived changes (roles, responsibilities and goals).

Relating back to the ‘modes of acculturation’ by Nahavandi and Malekzadeh (1988, Figure 3) outlined earlier, it becomes relatively complicated to ascribe one mode to the situation we found at MediTech. We rather think that the acculturation is perceived differently by different employees. We mainly spoke to managers who were able to address a variety of different or new aspects in relation to culture. On the other hand we spoke, for example, to a construction engineer who seemingly recognized only minor differences compared to the pre-acquisition time. However, the scholars emphasize the likeliness of the infliction of the acquiring firm’s culture upon the acquired firm. This might be in line with the general perception, at least on management level if we consider the changes mentioned above. The model of Nahavandi and Malekzadeh (1988, Figure 3) considers four different modes which are dependent on two variables namely: ‘attractiveness of the acquirer’ and ‘valuing preservation of own culture’. This model focuses on the perspective of the acquired firm’s employees and therefore suits our setting well. However, we reject to depict one mode or a blend of modes since we did not perceive consistency within the answers of our participants with regards to the two mentioned variables. This decision is supported by the ambiguous results mentioned earlier including both – positive and negative perceptions on changes of the working culture.

Larsson and Lubatkin (2001) also stressed the importance of acculturation. They emphasize the aspect of ‘informal integration’ as cornerstone for a successful acculturation. The informal integration entails, for example, socialization efforts and therefore relies on the realization of social control (Larsson, Lubatkin, 2001). With regards to these kinds of integration efforts

between MediTech and HealthCorp we found a so-called ‘Buddy Program’ which all participants referred. Furthermore, one of our interviewees participated in a ‘cooking course’ with his colleagues from the headquarters in the United States. Both socialization efforts were perceived rather negative as the following quotes show:

“It [the Buddy Program] was communicated in a very strange way. ‘If you have any questions or problems with things you can always call your HealthCorp Buddy’ - I mean it is great to have a buddy at HealthCorp but I mean, if I need help... it is almost like: ‘We can help you if there is something that you don’t understand or you have a problem you can call you HealthCorp buddy’. I mean, tss. [...] I think I see a trend now when I talk to you guys [referring to us], their own beliefs on their own capabilities were a little bit too high or it couldn’t really work with the Swedish culture I would say.” - Martin

and “We [Lisa and her HealthCorp buddy] didn’t really have the same kind of challenges so she talked very much of technical and I have a manager role and I see more organizational issues.” - Lisa

The existence of these informal integration efforts signals that HealthCorp was well aware of the importance of socialization for acculturation. Larsson and Lubatkin (2001), on the other hand, state the following about social controls: “As such, they are the mechanism by which pre-merger realities, such as mutually negative stereotyping, are altered (cf. Marks & Mirvis, 1986) and a new, jointly determined reality is constructed” (Larsson, Lubatkin, 2001 p. 1579). Earlier we explained that some of our participants expressed common stereotypes with regards to the American firm of HealthCorp, its culture and how ‘those people are’. If we consider Larsson and Lubatkin’s (2001) finding, it could mean that social control and informal integration between MediTech and HealthCorp is lacking and led to an insufficient acculturation. Furthermore, the scholars address the aspects of ‘autonomy removal’ as mainly negative for acculturation unless it is coupled with a high degree of informal control. The changed management styles we described earlier, for example, towards top-down decision making as well as a stricter goal-orientation are signals for a removal of autonomy which, according to our interpretation, meet a low level of informal control. Therefore, we assume an overall low degree of acculturation and a relatively high degree of cultural incongruence, by tendency, having a negative impact on trust.

4.6 Summary

To aim at deriving an overall status of trust and to assess its post-acquisition development, we utilize the following graph one of our participants drew.

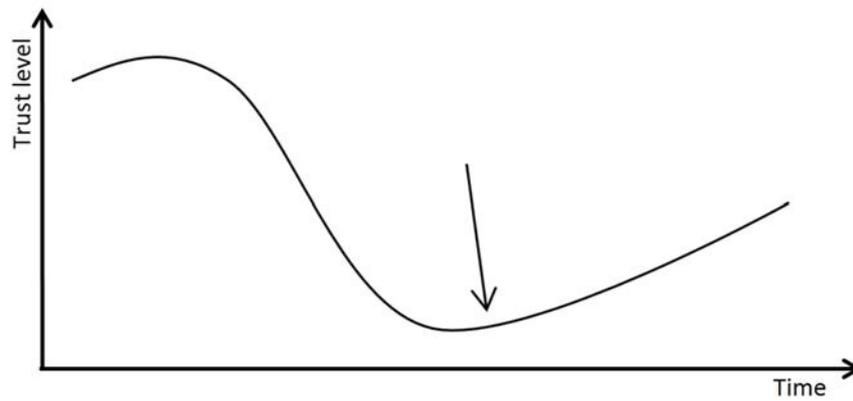


Figure 5: Martin’s graph for the development of trust and the current status.

According to our interpretation, Figure 5 summarizes the general overall perception of trust in the relationship between MediTech and HealthCorp. High positive expectations about HealthCorp were followed by negatively perceived actions and behaviors. HealthCorp was not as open, partly not as honest, not as caring, and not as competent as expected. This is the reason for the downturn of the graph after a slight upwards trend. Furthermore, employees faced changes in culture which were perceived both positive and negative. People were in general disappointed of the integration outcomes, yet believing in positive developments for the future (trend upwards). However, it needs to be emphasized that this graph has to be examined cautiously since we rely on the narratives of our interviewees at a specific point in time. Furthermore, aspects mentioned in the next paragraph as well as in chapter six argue for a modified version of this graph or even make it impossible to draw.

The three first attributes, openness, integrity, and benevolence all demonstrated a varied but relatively negative view of HealthCorp in terms of their impact on the development of trust between HealthCorp and MediTech. Single individuals had different, partly contradicting perceptions on the single attributes of a trustee. Regarding ‘openness’ the general communication and information flow is perceived as positive, the specific work-related communication had changed due to the larger size of the organization and accompanying complexities. In contrast, the expectations in terms of openness in the course of the integration efforts were mainly positive and clashed with the experienced realities – rather negative outcomes. According to our interviewees, HealthCorp emphasized an open, collaborative approach which was not realized and led to disappointment. The ‘merger of equals’ resulted in an acquisition with a clearly asymmetrical positioning favoring HealthCorp.

The acquirer failed to integrate MediTech in line with equality parameters. Both parties established and suffered from ‘guards’ which were built up and harmed collaboration. Moreover, the fact that the ‘whale swallowed the fish’ also generated a negative impact on trust between the people.

Closely related with openness, our findings in terms of ‘integrity’ show inconsistencies between words and actions. As explained, the integration approach wasn’t put into practice which was interpreted as dishonest behavior although the interviewees suspected missing knowledge as a main reason for the failure of HealthCorp to ‘walk the talk’. These aspects have a negative impact on trust. However, the hopes and expectations with regards to the current CEO, who is perceived as honest and authentic, constitute a positive trend.

The findings concerning ‘benevolence’ suggest overall negative perceptions regarding expectations and outcomes around the good-will and intentions of the company. HealthCorp made clear ‘who acquired whom’. Furthermore, the negative perception of them ‘not-caring’ in the course of the integration resulted in a weak state of this attribute of trust. Here it becomes very clear that the trust is complemented by recognizing that the overall business is in the center of interest which led to the perception of ‘not-caring’ about the Swedish site. This behavior and the outlined negative perceptions were mostly concerned with the integration efforts - today’s views are slightly more positive. However, we found that our participants situationally refer to HealthCorp’s actions as being rational and even necessary. This is connected to the ‘rules of the game’ metaphor of having a personal understanding about what is going on and why. Therefore, one of the main finding in terms of the first three attributes is rather concealed: Having a personal understanding might complement trust which is, according to our interpretation, interrelated with ‘identity work’. Stahl et al.’s (2011) model overlooks the relevance of this aspect in relation to trust. Thus, we will elaborate upon identity work in chapter six.

In terms of ‘competence’, the first of the last two attributes of trust, MediTech employees hold the perception that the company was bought by HealthCorp due to their competencies. The expectations regarding HealthCorp’s competence were generally positive. Outcomes were both better and worse than expected whereby the latter was more predominant. Trusting in the competence of another was perceived as a cultural difference between the two firms which had a negative impact on trust.

Our findings regarding ‘culture’ display the existence of stereotypes concerning the differences between Swedes and Americans which might have negatively influenced the collaboration and integration from the very beginning. Further, a different management style especially with changed ways of decision making, roles and responsibilities was expressed. The latter changes were perceived both positive as well as negative, the changed decision-making processes are perceived more negatively. We argue that it is not useful to ascribe modes of acculturation to MediTech’s situation. However, the changes the interviewees highlighted argue for an infliction of HealthCorps’s culture upon the former Swedish firm to the extent that we interpreted the informal integration as insufficient.

As a result we argue that the descriptions of the attributes of openness, integrity and benevolence indicate an insufficiency of Stahl et al.’s (2011) model in terms of neglecting individual aspects such as identity work and the individual understanding of ‘the rules of the game’. Moreover, the attributes of competence and culture constitute and support further indications of this kind. This is by the aspects of lacking knowledge (missing competence in terms of the integration efforts) and the cultural pre-understandings (stereotypes towards Sweden and the US). The former would, for example, emerge from past experiences of HealthCorp in terms acquisitions. The latter aspect of stereotypes influencing trust is not covered by the model since these pre-understandings emerged from broader historically anchored effects of society. Within the model by Stahl et al. (2011) trust is portrayed as an aspect within the closed system of the relationship between the acquired firm and the acquirer. We interpreted both, the descriptions of our participants about HealthCorp’s lacking knowledge as an explanation for the problems in the course of the integration as well as the narratives on the stereotypical American as negatively impacting trust between the two firms. These neglected aspects will be addressed in chapter six where we suggest an extension of the model. Before that we will outline additional findings not related to our main framework but necessary to understand trust within the relationship of HealthCorp and MediTech.

5 Observations not covered by the framework

Next to the five attributes of a trustee considered by Stahl et al.'s (2011) model we found three more themes which we found salient throughout our interviews. First, the participants emphasized benefitting from their personal knowledge, experience and understandings especially in terms of the changes occurring in the course of the acquisitions. This will be referred to as rationalization of changes and identity work. Second, some of the participants stressed the importance of their individual role in terms of their own trust and within the relationship to their subordinates. Holding a managerial position leads to greater insights but also responsibilities. Lastly, the interviewees repeatedly stated that personal opportunities have arisen from the acquisition which is mainly perceived positive. Within the next section we will reflect upon and interpret these findings in relation to the model we operationalized. Further we will elaborate on the relevance of these findings in terms of accuracy of the model and finally suggest an extension to it based on its perceived limitations.

5.1 Findings

5.1.1 Individual understanding of the 'rules of the game'

The first topic is related to the personal knowledge, understanding and professional experience of our participants which was stressed by the majority of our participants. Throughout our discussion of the five attributes of a trustee we mentioned repeatedly that our participants claimed to understand why HealthCorp acted in certain ways and why initial ambitions (e.g. in terms of openness or benevolence) could not be realized. The following findings section therefore considers what we call individual understanding of the 'the rules of the game'. It should be noted that we view the theme of personal understandings in distinction from personal, professional skills and abilities which are related to the attribute of competence. The following quotes highlight the individual understanding of the changes and differences they faced, which will be discussed in section 5.2:

"I was prepared and I understood why it happened", "It turned out how actually thought", "This make sense and it makes the company stronger [regarding the acquisition]", and "Strategic decisions you can't spread them out much" – Peter

"If you expect this to be a democracy where everybody's vote count then you would feel that it is not fair, if you realize that this is a company looking for profit ... I think it is fair. As long as you understand this is the rules of the game" – Lisa

“I don’t see that HealthCorp is doing something worse than anyone else I mean it is a big company ... big companies have big issues with communication and trust”, “I am just thinking this is what it is, either I am here and live with it or I go somewhere else”, and “If I would have expected no change I would have been naïve. I wasn’t surprised about change...” – Lisa

“I think I feel good trust to HealthCorp’s management knowing more changes will come. They are looking more objectively to the best of the company in the future ... we are lucky they bought us.” – Johan

“We knew all along, I knew, really what was going to happen.” - Simon

“I just knew that things would change, either you accept the new rules and go with it or you don’t and have to quit”, “I am more kind of an adaptable type”, and “Of course I had no other expectations that it would come [referring to HealthCorp’s non-collaborative approach] but all the other people don’t have that experience from others” - Martin

“They wanted to streamline the company and figured there is a better place for this in another country and they had a lot of reasons. But I think in the end it is business.”- Tom

5.1.2 Managerial responsibility

The second topic is related to the decreased uncertainty that is achieved through having a position allowing you to access important information that concerns major changes for you and others. The topic also concerns the managerial responsibility in achieving trust due to the information asymmetry. This is portrayed by the following quotes:

“As a senior manager you have more information which helped [in understanding]”, and “We as managers have the responsibility to keep the teams up and running and even put more trust in the company to avoid the feeling of fear” – Peter

“I would say that the trust is very much been here so I think they think a lot of trust in me, in my team so if I say it is fine then well it’s ok if I say it is ok.”, “Sitting on a senior position makes me understand that this isn’t a democracy and we do things differently and I also have better possibility to get a broader picture to understand more. If you trust me or the manager of the team then you might not need to trust the CEO of the company because you might not interact with him or her”, and “I think it is a difficult thing to build trust in such a big company and I think it relies very much on the managers in the network.” - Lisa

5.1.3 Personal opportunities

The third and last topic we found is connected to the opportunities given to our participants by staying and being part of a bigger organization that have a long term perspective. Peter for example stated that “I trust HealthCorp more than the former owners” and that this was due to them having a long term perspective which the former owners lacked.

“I got a good start and got a nice network from the beginning, [I was a] potential person for HealthCorp.” – Julia

“We got more opportunities, projects. We got what I expected” – Erika

“Head position of the department became free”, “I thought it was interesting to go into a bigger pond”, “MediTech had a quite depressing... maybe I shouldn’t say depressing since it’s too... depressing but Meditech had been struggling for years”, and “It [the acquisition] indicated that there would be some more consistency over time and not a perspective over 3-6 months but over years instead” – Lisa

“They [HealthCorp] know that things take time and they have a more long term perspective [than the previous owner].”, “I think I have been in the position where I am now and moving to HealthCorp is probably like the most challenging position I have ever been in” - Martin

“I got off on the right foot with them”, “We talked a lot about being HealthCorp, it brings opportunities, we are happy to have a long term owner.” – Johan

5.2 Discussion

The three themes, individual understanding of the ‘rules of the game’, managerial responsibility, and personal opportunities, are all interrelated with our previously mentioned attributes of a trustee. However these themes are not distinctly established in Stahl et al.’s (2011) model. The first and most significant theme is regarding the participants’ personal understanding of ‘the rules of the game’. We interpret these quotes as personal identity work as well as justifications of HealthCorp’s actions. Justifications are a way for our participants to rationalize the changes inflicted upon them by HealthCorp. “A rationalization is an attempt to justify impulses, needs, feelings, behaviors, and motives that one finds unacceptable so that they become both plausible and consciously tolerable” (Brown & Starkey, 2000, p. 106). Firstly, this is seen in the attribute of openness where our participants agreed on the necessity of a limited openness from HealthCorp’s perspective. Secondly it is noticeable in the integrity section, where our participants claimed to understand why the integration could not be a merger of equals. Thirdly, it is observed in our benevolence section where HealthCorp’s actions are justified by stating that the company acts in the interest for the organization. These statements together with the quotes from the section regarding ‘the rules of the game’ highlight a personal understanding that seems to be a way for the participants to rationalize HealthCorp’s actions. This is interpreted as a defense mechanism towards the uncertainty experienced by the people we interviewed. We noticed that it was rather contradicting to state that ‘I understood why it happened’ and concurrently stating that the ‘outcomes did not turn out as I expected’. Therefore, we argue that the actions of HealthCorp

are really seen as unacceptable. However, rationalizing helps the managers to cope with HealthCorp's behavior. This is linked to identity work which we will discuss in the next chapter.

The second theme is related the managerial responsibility and position. The managerial role allows you to access sensitive information concerning major changes for you and others as well as requires you to impose trust among subordinates. These statements are aligned with Whitener et al.'s (1998) view that it is the management team's responsibility to initiate the development of trust between managers and employees. Furthermore, Krug and Nigh (2001) emphasize the opportunities given to managers who are not on a senior position when the acquisition takes place. This view is consistent with the fact that the majority of our participants hold a more senior position today than they did when the acquisition was announced. It is also related to our third and last theme, personal opportunities.

The final theme is associated with the fact that the majority of our participants' was pleased with having an owner with a long term perspective at the same time as it increased their personal opportunities. We argue that our participants' view of having an owner with a more 'positive' perspective compared to the past ownership increases the willingness to accept vulnerability and therefore also to trust HealthCorp. The past ownership of MediTech is therefore important to consider when evaluating the current relationship between MediTech and HealthCorp. Moreover, the influence of the past ownership is neglected in Stahl et al.'s (2011) model which is why we will argue for taking an open perspective view in the following chapter instead of focusing solely on the relationship between the two parties involved in the acquisition.

6 Expanding the model of trust

Taking these findings into account, we would like to introduce the topics of ‘open system’ and ‘identity work’ in relation to trust in M&A. We will start this chapter by first, considering the relevance of taking environmental influences seriously and second, acknowledging identity work as having major influences on the development of trust between two parties. We argue that the unmet expectations, contradictions and complexities led to a coping strategy made by our interviewees in the form of personal understanding that is related to identity work. This constitutes a way for our participants to cope with the deteriorating level of trust shown in Figure 5.

6.1 Open system

One of the major limitations to Stahl et al.’s (2011) model is that it assumes trust to develop in a closed organizational system. We would rather ascribe us to the view that organizational systems are open. “That a system is open means, not simply that it engages in interchanges with the environment, but that this interchange is an essential factor underlying the system’s viability” (Scott & Davis, 2007 p. 87 referring to Buckley, 1967). This means that the environment is crucial to take into account when trying to understand concepts within an organizational system. The connection between the environment and the system constantly change and are highly interdependent. In addition, an open perspective brings the environment into the center of attention rather than ignoring it (Scott & Davis, 2007). This is also something that is emphasized by Sveningsson and Sörgärde (2013) who refer to Tichy (1983) when they state that the three systems of an organization and its environment, technological, political and cultural, are interdependent and require alignment to prosper. “Change effort is thus, by necessity, a complex, long term, politically messy, and arduous change task requiring a broad understanding of the interdependence of subsystems” (Sveningsson & Sörgärde, 2013, p. 7).

A reason for us to take an open perspective into account while evaluating Stahl et al.’s (2011) model is that our findings insinuate a view that encompasses the organization as a closed system. We found in our discussion section of competence that HealthCorp’s lack of knowledge regarding integrations was used as an explanation for the current issues at MediTech. This lacking experience of HealthCorp is something Stahl et al.’s (2011) model is

unable to incorporate to conceptualize trust. The reasoning behind this is that the model assumes the trust relationship to develop between two parties and bypasses the importance of other relationships that may affect the current state. Furthermore, the findings from section 5.1.3., regarding personal opportunities, highlight another type of relationship that might have had a major impact on our participants' development of trust towards HealthCorp. Due to its 'long term interest', the new owner is perceived as more trustworthy than the former owner. Assuming validity of this finding, this would mean that the past 'insecure' ownership situation creates an expectation and belief that the current owner is more trustworthy by definition. This is accurately illustrated by Lisa who states that "MediTech had a quite depressing ... maybe I shouldn't say depressing since it's too ... depressing but Meditech had been struggling for years", and "It [the acquisition] indicated that there would be some more consistency over time and not a perspective over 3-6 months but over years instead". We can conclude that these experiences are highly relevant for the future development of trust and are something Stahl et al.'s (2011) model overlooks.

In addition, the existence of cultural stereotypes elaborated upon in the previous chapter makes it important for us to understand what implications they could have on the emergence of trust. We found that the Swedish MediTech employees regarded America as 'bad' and self-centered, and also that this tended to be a generalization that was not directed specifically towards HealthCorp. These stereotypes are arguably a societal effect that has surfaced subconsciously which also seemed to have an effect on our participants' expectations and thereby also their individual development of trust towards the American HealthCorp. This is confirmed by Alvesson (2002) who implies that broad cultural beliefs such as stereotypes become indisputable beliefs of a particular individual. To conclude, this finding is something a model relying on an open perspective might have been able to consider since it incorporates environmental and therefore also societal consequences.

6.2 Identity work

We found in our section regarding culture that value incongruence does not necessarily lead to distrust. Some of the managers we interviewed preferred the different management style and practices introduced by HealthCorp which therefore arguably inflicted aspects of their culture upon MediTech. The reason for this preference is related to the reduced scope of our managers' subordinates and maybe even the accompanied possibility to oversee and control

them in a better way. This could be connected to the individual power associated with having a senior managerial position. Our findings suggested that some of our participants favored the recent changes while others did not. We interpret that the inclination to trust another party can be dependent of specific positions or roles our interviewees hold within the organization. Stahl et al.'s model (2011) incorporates the power asymmetry between the two firms of interest but neglects the importance and influence of power asymmetries and relations on individual levels. Moreover, the different perceptions, negative or positive, indicate that the attribute of culture has a varied impact on the development of trust, thus making it essential to descend Stahl et al.'s (2011) model to an individual level. Additionally to an open system view on organizations, we think it is important to acknowledge the individuality of each of our interviewees with regards to trust within relationships. They perceived aspects and changes in different ways which also could be connected to their personal experience, expertise and background.

In the following, we will investigate the fact that the majority of our participants referred to themselves as having the personal knowledge and experience to understand why the integration process unfolded the way it did. The 'rules of the game metaphor' was used by one of our participants and accurately depicts the theme in which we are interested in. We noticed the relevance of this metaphor in our previous sections 4.1.2, 4.2.2, and 4.3.2 which were related to the attributes of openness, integrity, and benevolence. The rationalization of HealthCorp's actions through consistently emphasizing the individual understanding is an aspect which we view as interrelated with identity work. It acts as a mechanism to cope with the uncertainty our participants faced in the course of the acquisition until today. It is a maneuver of reinforcing their self-view. It can therefore be argued that identity work has complementary characteristics towards trust and that it maintains a tolerable relationship between MediTech and HealthCorp. This is evidenced by the weak status of the five attributes that still maintains the functioning relationship between the two parties. This finding is fairly robust since nine out of our ten participants mentioned their individual understanding at some point during the interviews.

“Identity work refers to the way in which human beings more or less continuously shape, repair, maintain and revise interpretations that facilitate the creation of relatively coherent views of who they are and what they can do” (Alvesson & Sveningsson, 2016, p. 39, referring to Alvesson & Willmott 2002; Brown 2015; Sveningsson & Alvesson 2003).

Johan identifies the need for identity work by stating that “We live a turbulent life as a manager, you can’t feel safe. It’s the name of the game, but that’s part of the American culture.” This is also confirmed by Cartwright and Cooper (1996) who found the loss of identity to be one of the major merger stressors. “People struggle to reach some form of positive and coherent idea of who they are. [...] It is quite difficult to construct a true self in a socially varying, relational and dynamic workplace.” (Nyberg & Sveningsson, 2014, p. 440). Identity work is especially significant in times of uncertainty and doubt that is predominant for a manager facing a turbulent environment (Alvesson & Sveningsson, 2016) such as M&A.

It was very interesting that Johan was the only one of our participants providing a narrative of his inability to feel safe which can be related to different, more challenging working environments described as part of a changed working culture (section 4.5.2). Furthermore, we would argue that the majority of our participants have the same insecure perception regarding their work environment although it was not forthrightly communicated. As outlined earlier, the feeling of uncertainty is created by the stressful event of the acquisition considering its size and cross-border nature. It is, however, manageable as demonstrated by the fact that Johan and the rest of our participants are still part of the organization today.

As mentioned before, our interviewees repeatedly stressed their knowledge, experience and understanding which led them to the feeling of understanding the changes occurring in the course of the acquisition. The actions taken by HealthCorp are rationalized and are generally perceived in the light of positive future outcomes (e.g. created synergies by exiting a department from the Swedish MediTech site and shifting it within Europe). Moreover, individual experience and expertise is the base for the feeling of security and the feeling of not being threatened by any future changes. The latter is perceived as a main difference between our interviewees and their colleagues or/and subordinates. These circumstances are described in the following quotes:

“It turned out how I thought actually, how I understood it from the beginning. But it depends in which position you are in the company.” - Peter

“Of course, I had no other expectations that it would come [the changes] but ... all the other people don’t have that experience. Others be like [making surprised sounds]: ‘They said we would do it together’ ... [Himself:] ‘Guys come on, it is not going to happen. We got new masters.’ It’s just like that.” - Martin

“I was fairly confident I was going get a new job since I am a good project manager” - Erika

“I’m not trusting that they won’t close this site any time in the future but I’m trusting myself to be ready for it” – Julia

In fact, while conducting the interviews our participants formed their identities talking to us, as pointed out by Alvesson (2004) who states that “Identities are constituted, negotiated, reproduced, and threatened in social interaction, in the form of narratives, and also in material practices.” (p. 190). Considering this quote, besides actively shaping identities, they also are threatened in social interactions. Moreover, social processes provide varied input influencing identity work which can also be perceived as a process itself (Sveningsson & Larsson, 2006). In our case this input might be arising from the changed organizational context as well as the wider social context our interviewees are embedded in. Therefore, external demands such as pressure from the society affect the managers. It might lead to a response in terms of stating and underlining their individual security and superiority but also their ability to adjust to change. This relates to the formerly described open system approach. The adjustment to changing situations was repeatedly mentioned by our interviewees who perceive it as a personal strength:

“For some people its really hard but for me it is quite easy [changes]. That is due to my personality.”... “I am myself quite change drive ... Change doesn’t affect me personally like it might do to other people.” - Lucy

“I am more kind of an adaptable type” - Martin

These statements also express the distinction of our interviewees and ‘other people’. This difference was noticeable relatively often. Here, the participants, for example, emphasize their individual expertise leading to different perceptions, understandings and simply ‘view on things’ in relation to the other people which in turn constitutes the active shaping of the own self-view.

6.3 Summary

To summarize, we suggested amendments to the model by Stahl et al. (2011) by two main aspects. Firstly, we found that trust between the parties involved in the acquisition cannot be viewed as a phenomenon emerging in a closed system of two firms. The model incorporating a variety of aspects which concern solely the two players is insufficient to cover the influence of interchanges with the environment. In this matter, (1) prevailing cultural stereotypes arising from the broader environment and society as well as the (2) individual organizational past (ownership-situation in the past of MediTech) need to be considered. Furthermore, the (3)

knowledge (know-how) in terms of performing acquisitions which led, for example, to considerable inconsistencies and shortcomings in the behavior and actions of both parties is not taken into account. We argue that these three examples, expressed by our interviewees, had a major influence on the development and the current status of trust between the two firms. Secondly, we suggest expanding the model to the individual level. Here, for example, the individual position and role has an impact on how acquisitions and the related changes are perceived, favored or disliked. Furthermore, we found that identity work of individuals bears significant implications for trust. Our participants face turbulent times and engage in creating and maintaining a coherent self-view of who they are. This was realized by stressing personal understanding, knowledge and experience which made them more capable to cope with uncertainties. Outcomes and changes, even unexpected, were rationalized, claimed to be 'understood' and acknowledged to be part of – or in line with 'the rules of the game'. Identity work complements trust since it decreases the perceived uncertainty by reinforcing the self-view and rationalizing outcomes. We argue that this is the case at the same time as the acceptance of vulnerability and the positive expectations (Rousseau et al., 1998) fade into the background. Therefore, we suggest that an open system approach should be adopted and the relevance of individual and its identity work should be considered when trying to understand trust between firms and employees involved in major changes such as M&As.

7 Conclusions

Firstly, this section will summarize our main findings and present an adequate answer to our research question as well as provide theoretical contributions. Secondly, we will outline possible implications that can support practitioners involved in M&As. Thirdly, we will elaborate upon the limitations of our research. Lastly, suggestions regarding opportunities for future research will briefly be explained.

7.1 Final remarks

The main purpose of our research was to gain a deeper understanding of how employees of a recently acquired organization perceived trust in relation to the acquiring firm's management. Therefore, we used Stahl et al.'s (2011) model which provided us with data related to the five attributes of trust: openness, integrity, benevolence, competence and culture. These attributes assisted us when evaluating the concept of trust between MediTech and HealthCorp. We discovered a rather negative state of trust between the two firms. The differences between expectations and outcomes regarding HealthCorp's openness, integrity, and benevolence were especially negative. However, our interviewees agreed upon the necessity of HealthCorp's actions and rationalized the changes. The major discrepancies between the expectations and the outcomes were understood. We argue that this acceptance is connected to the individual identity work of our interviewees which constitutes a mechanism applied to cope with the uncertainty they were confronted with in the course of the acquisition. In addition, the results gathered from the attributes of competence and culture initiated our suggestion to incorporate an open system view to the model of trust. Existing stereotypes, the past ownership situation, and past organizational experiences played a significant role in the development of trust between MediTech and HealthCorp. These findings are supported by chapter five where the rationalization and the past ownership became particularly salient.

Further, we found that the interviewed managers accepted vulnerability even without having particularly positive expectations regarding the behavior of HealthCorp. Accepting the intentions and behaviors, as for example rationalizing the changes is part of business and in line with the 'rules of the game'. If changes affect the manager personally they regard themselves as qualified/experienced enough to cope with it or find a job outside HealthCorp. They rather trust themselves than constructing a perception of trustworthiness of

HealthCorp's management in terms of the five attributes. However, it is unclear 'what came first': an overall weak status of the attributes including contradictions and conflicts or the strong reliance on the self. Moreover, it remains hard to assess whether this kind of substitution is a phenomenon applying only to managers or if it is also relevant for employees on the 'lower ranks'.

If we combine the different findings with the definition of trust by Rousseau et al. (1998), who state that trust is "psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another" (p. 395), we find that our interviewees' identity work acts as a complement to trust towards HealthCorp which also means that it might decrease the need for trust in general. It may, however, also prevent the development of trust towards HealthCorp since the expectations are in a 'numb state' and lack the positive sense needed to obtain trust. Nevertheless, identity work compensates for the rather weak state of the five attributes of a trustee. This cultivates today's functioning relationships between our interviewees and HealthCorp.

This research has confirmed the significance of taking socio cultural issues - and more specifically the importance of trust between the two parties of M&As seriously. The contradictions and complexities we found throughout our research indicate that it is insufficient to assess a specific level of trust by simply taking the five attributes of openness, integrity, benevolence, competence, and culture into account. Therefore, we have expanded Stahl et al.'s (2011) model by empirically proving the relevance of taking a broader perspective by incorporating an open system view when assessing trust in an organizational setting. Moreover, we argue that the individual level and identity work need to be considered when assessing trust between an organization and its members. Finally, our research suggests and confirms the significance of prioritizing employees and their individual perceptions which might cause a shift in focus for academic scholars engaged in researching - as well as practitioners trying to manage these kind of efforts in a continuously changing environment.

7.2 Practical implications

Our practical implications are mainly based on the weaknesses in terms of trust which we highlighted throughout our work. First of all, we underlined clashes between expectations and outcomes with regards to the integration as the main triggers for a currently weak status of trust. Aspects as 'talking merger and acting acquisition', communicating an open and

collaborative approach (openness) lacking the realization of it (integrity) and the feeling that the acquirer ‘does not care’ (benevolence) need to be prevented. In our opinion these issues arose due to high complexities of the very specific situation of performing the acquisition. However, the prevention of these ‘pitfalls’ could be realized by extensive planning as well as consistent communication of ambitions and actions. We see two sides of the coin: Either practitioners try to prevent the formation of high expectations which are critical to reach or they fulfill or even overachieve what was communicated. As mentioned earlier, the management of expectations is important to, for example, reduce the likelihood of resistance (Heracleous, 2003).

An interesting but even more complex implication for practitioners could be the management and control of identities or: identity regulation by managerial actions (Alvesson & Sveningsson, 2016, referring to Alvesson & Willmott, 2002). In our case the managers constructed their self-view in a way they found suitable. Of course, this is influenced by contextual factors as culture, peers, the own manager, discourse and others. Thus, the regulation or the management of identities might be possible. Trust could be substituted by identity work reinforced by practices as, for example, workshops and speeches emphasizing the belonging to a group within the acquiring firm which might invite identification with it.

A more manageable practical implication is related to the importance of social controls emphasized by Larsson and Lubatkin (2001). They address informal communication, teamwork and transition teams as good means of achieving a successful mutual culture between the two merging firms. This would for instance ask for the establishment of informal communication channels and regular visits. We assume that social control becomes even more significant in cross-border M&As.

7.3 Limitations

One of the main limitations of our study consists in solely interviewing people employed within HealthCorp today and thereby forgoing the perspective of people who left the organization due to the acquisition. It should also be noted that all of our participants had changed their jobs to different and mostly more senior positions in the course of the acquisition. These changes could have a relevant impact on their perceptions. We tried, however, to be aware of this as we interpreted our findings. We also noticed during our interviews that people partly adapted their expectations to their answers regarding outcomes

to avoid contradictions. This adaption made it somewhat difficult to distinguish between how our participants made sense of their past expectations and what had happened during the integration process. We would also like to highlight the impractical nature of researching every aspect Stahl et al.'s (2011) model neglects and captures. Thus, we decided to focus on themes we found the most prevailing. This means that we might have overlooked other important aspects influencing trust which either are part of Stahl et al.'s (2011) model or not. In addition, their model concerns trust in the relationship between the acquired employees and the acquiring top management. However, the distinction between top management, peers, and organization was rather difficult to establish from the narratives of our interviewees. This led us to conceptualize trust on a broader level. The scope of our research only allowed us to take a 'snapshot' of trust between two parties (Stahl & Sitkin, 2010). It would have been beneficial to study the concept of trust from the point when the acquisition was announced throughout the whole integration process until now and beyond. Finally, we recognize our ambition to make valuable contribution to theory. Therefore we acknowledge that the expansion of the model is in our own subjective interest yet valid according to our interpretations of the findings.

7.4 Future research

Although we determined identity as an important aspect when elaborating upon trust, we did not unveil specific correlations. This could be a very interesting topic for future research concerning trust in M&As. We also found our participants' negative stereotyping of the US to be salient which more than likely had an effect on the development of trust. It would be very applicable to outline the impact of these stereotypes as well as their broader societal consequences in future research on trust in M&As and beyond.

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Appendix A

Interview Questions

1. What is your position within HealthCorp and what are your responsibilities?
2. What did you expect would happen when HealthCorp acquired MediTech?
3. What changes did you expect to affect your work when the acquisition was announced?
 - What actually happened?
4. Please think about your relations with HealthCorp employees in the very beginning of the acquisition.
 - How did you expect your relations with HealthCorp peers to be? (intentions, personal gains, behavior)
 - How are the relations today?
5. How loyal and caring did you expect your HealthCorp peers to be? (benevolence/available)
 - How loyal and caring do you perceive them today?
6. How honest did you expect your HealthCorp peers to be? (integrity/fairness/reliability)
 - How honest do you perceive them today?
7. How confident did you feel that your HealthCorp peers kept you fully and frankly informed about things that might have concerned you?
 - How open did you expect HealthCorp to be (decisions, communication information sharing)
 - How open is HealthCorp today?
8. How competent did you expect HealthCorp to be before the acquisition? (skills/expertise)
 - Did HealthCorp live up to your expectations?
9. How did you expect HealthCorp to be in terms of their culture, what cultural differences did you expect to occur?
 - Are there any prevailing cultural clashes with HealthCorp management? If so, what do they mean for your everyday work?
10. How has your trust developed?
 - What was responsible for this?
 - Do you trust HealthCorp?