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Abstract

Mergers and acquisitions are strategic purchases made by companies that routinely fail to meet their financial expectations. Organizational culture is a key part to merger and acquisition success and companies must have strategies to integrate these acquired companies into their culture. In addition to cultural integration, employees face stress throughout the integration process due to new leadership, new co-workers and new ways of getting work done in the organization. This stress can cause decreased organizational commitment and decreased employee engagement. When employees are not engaged they are not contributing positively to overall company goals. Strong communication and an associate’s relationship with their co-workers and manager are critical in minimizing employee stress in a merger and acquisition.

Company XYZ utilized an employee engagement survey in their acquisition integration process in 2017, as a way to understand how employees are engaging in the cultural beliefs, reacting to the change that comes from the integration process, and maintaining organizational commitment and employee engagement. The results from these surveys indicated that employees were engaged in the cultural beliefs of Company XYZ and understood the change that came as a result of the integration process. However, organizational commitment and employee engagement declined throughout the integration process.
Acknowledgments

Special thanks to my family in helping me to complete this paper. Thanks to my husband for all the time I spent typing at the table while he had to wrangle the kids. Thanks to my kids who had to miss out on fun weekend activities and having friends over because “mom had to work on her paper”. Thanks to the team at Company XYZ who approved and supported me in completing this project.
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Chapter I: Introduction

Company XYZ is a $20 billion-dollar distribution company with 20,000 employees and 60 distribution facilities across the United States. The customer mix of Company XYZ includes restaurants, hotels, schools, and health care facilities. It defines its competitive advantage through its unique product offerings and value-added tools which help operators decrease costs and increase sales.

Within the past 10 years, there was an attempt by a competitor to acquire Company XYZ. This acquisition was challenged and ultimately blocked by the United States government due to concerns over the competitive landscape in the industry. Due to this failed acquisition, Company XYZ made the decision to move forward as a publicly traded company.

Because of the decision to go public, Company XYZ is expected to consistently deliver growth every year. To achieve this goal, a key strategic initiative was to grow the company through acquisitions of other distributors across the country. The strategic plan is for Company XYZ to acquire anywhere from four to six companies per year, ranging in cost to the organization anywhere from $2 million to $70 million. Prior to becoming a publicly traded company, Company XYZ was acquiring new companies but at a lower rate of one to three companies per year.

An additional key strategy for Company XYZ is to conduct employee engagement surveys to measure employee engagement within the company. These surveys were completed once a quarter with two larger surveys and two smaller check-in surveys. These surveys were administered to employees of Company XYZ, however, with the expanded plan to acquire anywhere from four to six companies a year, there was no plan to include acquired employees in the engagement surveys.
These surveys were administered to all non-acquisition associates using a third party data collection company. Employees can access the survey through any work computer, personal computer or mobile device. Participation was strongly encouraged through fliers posted around the corporate office and distribution centers, postcards sent to employee’s home addresses and e-mail blasts sent to all employees with e-mail addresses. The goal for survey participation is 80% and was often exceeded.

The setup for the longer survey was approximately 40 to 50 questions. The questions for the survey were designed to measure employee’s engagement in the organization as well as employee understanding and participation in the organizations cultural beliefs. Responses to the questions are on a matrix with a five-point response ranging that includes Strongly Disagree, Disagree, Neutral, Agree and Strongly Agree.

In addition to questions on engagement and cultural beliefs, there was a question designed to deliver an employee promoter score (EPS) which asks, “How likely are you to recommend Company XYZ as a good place to work”. The responses to the EPS question ranged from zero to 10. Scores of zero to six were considered detractors or employees who would not recommend Company XYZ as a good place to work. Scores of six to eight were considered neutral. Score of nine or 10 were considered promoters or those would recommend Company XYZ as a good place to work.

The total company, as well as each distribution center and department in the corporate office, were given an EPS which was calculated by determining the percent of promoters minus the percent of detractors. For example, if 50% of employees were promoters of Company XYZ but 25% of employees were detractors then the Employee Promoter Score for Company XYZ was +25.
Once the surveys were completed and the EPS was determined, Company XYZ created action plans around the results. Traditionally there was a goal each year for each department and distribution center to improve their score by 10 to 20 points. This was accomplished by sharing survey results with employees and using the feedback from the surveys to act and improve employee engagement.

Statement of the Problem

Company XYZ had a strategic plan to conduct regular employee engagement surveys with employees but no plan included acquired employees as part of this process. Acquired employees were not included in the surveys due to the perception that they may negatively impact overall company results as well as pull down the response rate which routinely exceeds 80%. However, due to the stress and challenges that acquisitions can have on acquired employees, it was critical for Company XYZ to have a mechanism to measure employee engagement throughout the acquisition integration process.

Purpose of the Study

Since acquired employees were not included in the overall company employee engagement survey the purpose of this study was to design an engagement survey that can specifically be used for employees in an acquisition. This survey was designed to gauge employee’s overall engagement, their understanding and readiness to participate in Company XYZ’s cultural beliefs, change readiness and include an employee promoter score question. With measured employee engagement for these acquired employees, Company XYZ was able to identify where there are gaps in integrating these employees into the company, improve engagement and have better acquisition and business outcomes due to higher employee engagement. To achieve the purpose, the objective of the study is to develop and administer a
specific engagement survey be used for employees in an acquisition. The questions referenced organizational commitment, employee engagement, change readiness, employee promoter and understanding of Company XYZ cultural beliefs.

Assumptions of the Study

This study assumed that the engagement survey administered by Company XYZ will be the first opportunity for these acquired employees to participate in an engagement survey. No pre-existing surveys from the acquired companies were used in this study.

Limitations of the Study

The first limitation of this study is that it only centered on the development of an engagement survey. Future research would involve understanding how employee engagement evolves over the course of an integration as well as post integration.

The second limitation of this study is that it only included employees who have been impacted by acquisitions in the second half of 2017. While there have been other acquisitions, this study did not go back to survey employees whose companies were already fully integrated into Company XYZ. These employees were included in the larger company survey that ran in November 2017.

Methodology

The methodology for this research consisted of surveys. Surveys were administered to any employee who were part of an acquisition in the second half of 2017 (July and forward). Surveys were administered within the first three months of acquisition and then again at the nine-month mark post acquisition. Surveys were hosted using a third-party data collection website that could be accessed via a work computer, person computer, centralized kiosk or smart phone.
Chapter II: Literature Review

As Company XYZ moved forward with their strategy to grow through acquisitions, it was important for them to measure employee engagement throughout the acquisition process. Acquisitions can be stressful to the employees who are part of the acquired company. Utilizing engagement surveys allowed Company XYZ to understand employee engagement, how the acquired employees were engaged in the company cultural beliefs, measure change readiness, determine organizational commitment and determine an employee engagement score. In order to measure employee engagement, it was important that company XYZ have a well-designed survey and a plan to collect results.

The literature review for this paper reviewed several topics. The first was to identify the role that company culture plays in acquisitions and how this can be the key component to merger and acquisition financial success. Second, the impact of mergers and acquisitions on employees and how mergers and acquisitions can increase employee stress were reviewed. Finally, studies specifically around employee engagement were reviewed.

Consideration of Culture in Mergers and Acquisitions

Companies spend an extensive amount of money to grow through mergers and acquisitions, in fact, it is estimated that companies in the United States spend over $1 trillion annually on mergers and acquisitions (Schraeder & Self, 2003). When that scale is expanded to a global level, mergers and acquisition activities account for $3.3 trillion in yearly business expenditures (May, Rosenfeld & Zhu, 2004). Mergers and acquisitions often play a role in the strategic long-term plan for organizations. Mergers and acquisitions can support a company’s strategic plan through growing top line sales, or by increasing offerings to sell to the public or by saving money in costs gained by an increased level of production (Schraeder & Self, 2003).
With companies willing to spend large amounts of money to merge with and/or acquire new companies, one might think that mergers and acquisitions are very successful however, 55% to 70% percent of mergers do not meet their strategic purpose (Schraeder & Self, 2003). In fact, “although increasing in frequency, M&A [mergers and acquisitions] are complex phenomenon known to have high failure rates; for example, barely half of all M&A meet initial financial expectations” (May et al., 2004, p. 2).

Organizations would not move into mergers and acquisitions if they knew it would result in losses for their company. So why it is that mergers and acquisitions fail at such a substantial rate? Interestingly, research shows that culture plays a key role in the financial success of mergers and acquisitions.

The cost of “culture collisions” resulting from poor integration may typically be as high as twenty-five to thirty percent of the performance of the acquired organization. This certainly makes culture fit of equal, if not greater, importance than ‘strategic fit’.

(Cartwright & Cooper, 1993, p. 59)

Corporate culture is significant to a company’s financial and economic performance over the long term and will only continue to grow as an important factor in determining the success or failure of organizations (Kotter & Heskett, 1992). Knowing that the role of corporate culture is critical to the success of an organization, it is interesting to note that it is rare that culture considerations are taken into account as part of the merger and acquisition process (Schraeder & Self, 2003).

In an effort to understand the role of culture in the merger and acquisition process, 119 organizations were surveyed (Mercer, 2008) study conducted by Mercer Consulting, they surveyed 119 organizations across the globe to understand the role of culture in the merger and
acquisition process. In this study, 72% of survey respondents believed that culture was important to success of the deal and confirmed that culture was critical to ensuring merger and acquisition deals created value to the organizations (Mercer, 2008). However, while the respondents believed that culture was important to the success of the deal, 52% of respondents stated that they did not have a process to manage culture in merger and acquisition deals and did not conduct a cultural assessment as part of their merger and acquisition deals (Mercer, 2008). By failing to account for culture considerations in merger and acquisition deals, 60% responded that “cultural issues had a negative impact on deal success” and this negative impact equates to a dollar amount ranging from $1 million to more than $5 million per deal (Mercer, 2008, p. 6).

To understand the role of culture in mergers and acquisitions it is important to identify the importance of culture to an organization. “Organizational culture concerns symbols, values, ideologies, and assumptions which operate, often in an unconscious way, to guide and fashion individual and business behavior” (Cartwright & Cooper, 1993, p. 60). Corporate culture drove the way that decisions were made in an organization and brought employees together within that culture to create a more interconnected environment for those employees (Schraeder & Self, 2003).

Corporate culture is unique to each company like the way that a personality is unique to a person, like a personality, culture can be hard to change and attempts to change corporate culture can create resistance to change within employees (Schraeder & Self, 2003). In the situation of a merger or acquisitions, employees in the acquired firm see and process how decisions were made by the acquirer, such as which employees of the acquired firm were retained or terminated, and then use these decisions to form ideas around the acquiring company’s culture (Schweiger, Ivancevich & Power, 1987).
In their research, Cartwright & Cooper (1993), cited an example of the merger of two companies who were both in the high-end crystal and dishware business and that the merger was thought to be the perfect marriage between two companies. However, within three years of the merger there was a 60% decrease in shares of the company. When the post-mortem was completed to determine what went wrong in this seemingly perfect marriage, it was determined that mismatch in cultures (accounting practices and management styles) between the two organizations was responsible for the failure of this merger (Cartwright & Cooper, 1993).

Schraeder and Self (2003), commented that the positive financial gain expected from mergers or acquisitions routinely failed to come to fruition due to mismatched or incompatible cultures. It was noted earlier that many companies failed to account for the culture aspects of an organization when considering a merger or acquisition, however, when companies considered cultural aspects of an organization, or behavioral due diligence, acquisitions were found to be 40% more successful than those where culture was not a consideration (Mirvis & Marks, 2001).

**The Impact of Mergers and Acquisitions on Employees**

Even with the high failure rate of mergers and acquisitions, many companies continued to rely on mergers and acquisitions as part of regular business strategy, so it is important to note to impact that these events had on employees (Cartwright & Cooper, 1993). Mergers and acquisitions significantly altered the structure, culture and employment opportunities within an organization and as a result can leave employees feeling stressed, angry and frustrated (Buono & Nurick, 2002). Kraemer, Dougherty and Pierce (2004) write that, “merging organizational cultures contributes to uncertainty and anxiety related to job security, fear of declining status or job prospects, and loss of control over their careers, their autonomy, and their organizational identity” (p. 73). Being acquired is often debilitating to an organization and its people.
and Moechnig (2005) stated that organizations that had been part of an acquisition had significantly lower employee engagement results when compared with organizations that were not involved in mergers or acquisitions. Mergers and acquisitions can be extremely stressful to employees in an organization. When measuring the impact of mergers and acquisitions on a social readjustment rating scale, Cartwright and Panchal (2001) found that the stress to employees of going through a merger or acquisition rates the same stress level as when people experience bankruptcy.

Both employees of the acquired company and the acquiring company experience stress as part of a merger or acquisition. However, employees who were part of the company that was purchased have a higher level of stress than employees who were part of the company who initiated the acquisition. This is because employees who were part of the acquired company are the ones most impacted by change in a merger or acquisition and often that change is perceived as negative change (Cartwright & Panchal, 2001). Not only does the perception of negative change cause acquired employees to feel more stress than employees of the acquiring company, it can also result in feelings of inferiority. This feeling of inferiority is driven by the feeling that acquired employees lack the ability to personally manage choices within the new organization. (Cartwright & Panchal, 2001).

A study completed by Covin, Sightler, Kolenko and Tudor (1996), noted the wide gap in satisfaction between employees of the acquired firm versus that of the satisfaction of employees in the company who was the acquirer. In this study, Covin et al., (1996) sampled 2,845 employees at a division of a Fortune 500 company. The purpose of this study was to measure post-merger attitudes in employees specifically the impact of merger satisfaction in employees (Covin et al., 1996). It was hypothesized that employees who were part of the acquired company
would have a lower level of satisfaction with the merger when compared against employees in the acquired firm. In the study employees were asked to choose a response based on a 5-point scale to questions that were specifically around employee satisfaction about the merger within a Fortune 500 company, as well as demographic information (Covin et al., 1996).

What Covin et al., (1996) found in their study was that on a five-point scale the employees who were part of the acquired firm rated their satisfaction with the merger at a mean of 2.1 whereas, employees who were part of the acquiring firm rated their satisfaction with the merger at a mean 3.0. The hypothesis was correct and there were significant differences in the employee attitudes about the merger when comparing acquired employees with employees of the acquired firm. (Colvin et al., 1996).

Like the research from Cartwright and Panchal (2001), the research from Covin et al., (1996) found that employees in the acquired firm felt a loss of power due to lack of control, which can contribute to merger stress, because the acquiring organization tends to have a larger control over economic and information resources.

The stress to employees in a merger and acquisition is real. In a merger or acquisition, employees tend to first think about themselves and what the impact of the merger means to them in terms of their careers and livelihood (Mirvis & Marks, 1992). The uncertainty that accompanied mergers and acquisitions is associated with job security which contributed to the stress on the employees (Kraemer et al., 2004). In addition to the uncertainty around job security, the cultural changes of an organization also contributed to stress for employees. Employees who are impacted by a merger or acquisition may be unsure about how to behave in their new organization, they may have to learn how to work with new co-workers or managers or are unsure of how the merger or acquisition impacts their daily activities (Covin et al., 1996).
The stress from uncertainty about day to day operations and change in daily activities refers to those employees who are not laid-off as part of a merger of acquisition (Covin et al., 1996). Referencing these retained employees in their study, Marks and Mirvis (1992) coined the phrase survivor sickness which references the guilt that retained employees feel in a merger of acquisition as they grieve for former co-workers, old work process, procedures and affiliations. Schweiger et al., (1987), compared the loss that employees feel as part of an acquired firm to that of a child who is separated from a parent.

Employees attach themselves to organizations, jobs, coworkers, work routines, the application of person skills, and performance and career goals. Like the child, many employees involved in an acquisition experience a powerful sense of loss when strong attachments are destroyed or changed. (Schweiger et al., 1987, p. 127)

In reference to the table below, Marks and Mirvis (1992) found that there are three different types of emotional states for employees who retained jobs in the new organization, these three groups were titled the ready, the wanting and the wrung out. These three emotional states titled emotional states of employees in mergers and acquisitions are outlined in the table below.

Table 1

<table>
<thead>
<tr>
<th>Group</th>
<th>Situation</th>
</tr>
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<tbody>
<tr>
<td>The Ready</td>
<td>Have been promoted as a result of the merger or acquisition or have retained the job they wanted</td>
</tr>
<tr>
<td>The Wanting</td>
<td>Did not receive the job they wanted, were demoted as a result of the merger or acquisition or are in a job deemed a dead-end career</td>
</tr>
<tr>
<td>The Wrung Out</td>
<td>Retained the job they had prior to the merger or acquisition but with substantial changes such as policy or procedural changes or management changes</td>
</tr>
</tbody>
</table>
The people in the first group (the ready) were able to keep the job they wanted and were excited about a promotion or were possibly promoted through the merger or acquisition process (Mirvis & Marks, 1992). The ready individuals had high energy and looked positively on the new opportunity and while they may not have had the stress level other employees have in a merger or acquisitions, their positive attitude in some cases caused angst and increased stress for other employees (Mirvis & Marks, 1992).

The second group identified by Marks and Mirvis (1992), the wanting, were negatively impacted by the merger or acquisition by being demoted or received a role that was perceived as being less desirable or a dead-end career. They noted that ideally these employees were able to be positive and adapt to their new role and responsibilities however, they may also suffer from depression or anger (Mirvis & Marks, 1992).

Finally, the third group of employees cited by Marks and Mirvis (1992), the wrung out, retained the job that they currently had but with substantial changes such as policy or procedure changes, management changes or co-worker changes. These employees often believed the situation around them has changed for the worst and are left feeling negative and bitter about the entire transition process (Mirvis & Marks, 1992).

The literature indicates that the impact of a merger of acquisition can be extremely stressful to employees (Kraemer, et al., 2004; Schweiger et al., 1987). This stress continued in employees even if they are offered a job and retained in the new organization (Covin et al., 1996; Mirvis & Marks, 1992).

**The Impact of Stress on Employees**

Mergers and acquisitions are stressful for employees and this stress continued for those employees who were retained by the organization as they learned to work in a new culture with
new policies, procedures, co-workers, management and in some cases a different job altogether (Covin et al., 1996; Mirvis & Marks, 1992; Schweiger et al., 1987). It is important to question then, how does merger stress impact the ability for these retained employees to be learn and be engaged with new policies, programs, and procedures within the organization?

**Hindrance stress.** Regarding stress and its relationship to work outcomes, Cavanaugh, Boswell, Roehling, and Boudreau (2000), identified a term called hindrance stress which is stress that involved negative constraints or negative work outcomes. “Examples of work stress include organizational politics, red tape and concerns about job security. We expect that hindrance-related self-reported stress will generally associate with negative work outcomes” (Cavanaugh et al., 2000, p. 66). Marks and Mirvis (1997), in their research on employee stress in acquisitions, explained that employees who had been impacted by an acquisition faced stress due to organizational changes, job security concerns and uncertainty of how to maneuver in the new organization to get things done. Le Pine, Le Pine and Jackson (2004), concluded that because hindrance stress is a negative experience it caused individuals to have a decreased motivation to completing their day-to-day work. Hindrance stressors are also associated with created increased challenges with task completion, decreased work performance and a lack of personal growth (Le Pine et al., 2004).

If hindrance stress can cause a decreased motivation towards work (Le Pine et al., 2004), there is one concept that is important to positively supporting employees in a merger or acquisition. It is the term self-efficacy, which is an individual’s belief that they are able to cope with stressful or challenging situations (Noe & Wilk, 1993). When an employee had a strong sense of self-efficacy, they perceived a challenging task or situation positively and as a result are more likely to have completed the task with a positive outcome (Colquitt, Le Pine, & Noe,
2000). Regarding a merger or acquisition, Marks and Mirvis (1992) noted that employees can be depressed, angry or feel a profound sense of loss at what occurred as they coped with the change that is occurring around them. Employees who lacked self-efficacy have struggled with stress and may be challenged to adapt to a new company, new role or new expectations as part of a merger or acquisition (Colquitt et al., 2000).

Role of managers and peers. There is research that supports that supervisors and co-workers are very impactful and influential to employees as part of the merger and acquisition process (Noe & Schmitt, 1986). “Managers and peers can help trainees, particularly in transferring learned skills on the job…supportive managers can emphasize the utility of training to the job, thus impacting trainee motivation” (Colquitt et al., 2000, p. 680). Noe and Schmitt (1986) supported the concept that a positive work environment with a supportive manager and co-workers, positively impacted employees, their learning, and caused employees to more readily to the new company environment.

In a merger and acquisition situation, employees may have a new boss or peers which created challenge that affected employee stress in acquisitions, this is an especially contentious situation when an employee anticipated getting the role the new boss is in or when the new boss comes from the other company (Mirvis & Marks, 1992). Additionally, managers may be pre-occupied with learning their own jobs or concerned with their own job security that they may not be able to effectively support employees throughout the integration process (Bastien, 1987; Schweiger et al., 1987). Marks and Mirvis (1992) stated that, “employees from the acquired or smaller merged company may have an ‘us versus them’ or self-preservation mentality when it comes to their new peers or may view these new peers as competition to their success in the new organization” (p. 24).
**Organizational commitment.** Another component that factored into employee stress in a merger and acquisition is organizational commitment which refers to how an individual perceives themselves and their place within an organization (Colquitt et al., 2000).

Organizational commitment includes acceptance and belief in the organization’s goals and values, a willingness to exert effort for the organization and a desire to maintain membership in the organization…The higher an individual’s level of organization or career commitment, the more likely they are to view themselves as useful for themselves and the organization”. (Colquitt et al., 2000, p. 679)

When employees lacked organizational commitment, this also increased an employee’s stress within the organization (Pignata, Boyd, Gillespie, Provis & Winefield, 2013). Some major sources of stress within an organization were found in mergers and acquisitions including insufficient resources, increased workloads, reduced prospects for career development and insufficient recognition (Pignata et al., 2013). Three factors characterized organizational commitment, “(1) A strong belief in and acceptance of the organization’s goals and values; (2) a willingness to exert considerable effort on behalf of the organization; and (3) a strong desire to maintain membership in an organization” (Pignata et al., 2013, p. 233). When employees have organizational commitment, they have a proactive relationship with their organization where they make a choice to go above and beyond to contribute to the betterment of the organization (Pignata et al., 2013).

Noe and Schmitt (1986), found that job involvement were of major influence in a merger or acquisition situation and that employees were more likely to be engaged in their new work situation if they believed that their job performance would improve by being more involved. There were findings which linked hindrance stress to a lack of organizational commitment as
employees who feel this negative hindrance stress are less likely to be committed to their organization (Boswell, Olsen-Buchanan, & Le Pine, 2002). When employees experienced stress within the organization this led to frustration, anger or even annoyance towards the organization which in turn decreased an employee’s loyalty to an organization (Boswell et al., 2002).

When employees are impacted by a merger or acquisitions they feel lower organizational commitment because they perceived that they are stuck in a job with no possibility for advancement, stuck in a position of perceived lower standing or stuck having to compete with co-workers for workplace opportunities (Mirvis & Marks, 1992). Kanter (as cited in Bastien, 1987) stated that, “in her discussion of being ‘dead-ended’, she describes a syndrome that includes the reduction of energy devoted to organizational goals, a willingness to leave the organization, and, sometimes, hostility and even sabotage” (p. 18). Covin et al., (1996) had similar findings in their research about employees in a post-acquisition state where they noted that employees of the acquired company may feel insecure within their new organization in some cases even feel hostile towards the acquiring company. Additionally, Schweiger et al., (1987) noted that, “when individuals can no longer identify with their firm and see opportunities within it, they become frustrated and confused because their image of themselves as being successful has been shattered” (p. 128).

Locus of control. Locus of control is the belief that individuals have control over events in their lives and having that control is important to employee success (Noe & Schmitt, 1986). “Individuals with an internal locus of control have more positive attitudes toward training because they are more likely to feel that training will result in tangible benefits” (Colquitt et al., 2000, p. 679). Ganster and Perrewe (1989) found that employees can feel an increased stress level if they lacked control, “stress results from change, uncertainty, and an imbalance between
demands made on individuals and their ability to respond to them” (p. 214). When referencing this specifically to locus of control, when employees believed they have control over their own situation it can equate to more positive outcomes when dealing with uncontrollable events (Ganster & Perrewe, 1989).

In an acquisition however, employees may feel very little control, “employees in an organization are essentially newcomers with related work experience in the acquiring organization, although unlike newcomers, they may feel they had little choice in their job change” (Kraemer et al., 2004, p. 75). Schweiger et al., (1987) commented that employees who remain employed after the acquisition find that they lacked the same freedom in the new organization that they had prior to being acquired. A management level employee whose new post-acquisition boss required specific knowledge about certain business results said “he suffered a shattering loss of confidence...He felt that he was under the "microscope" in the combined company culture” (Mirvis & Marks, 1992, p. 22).

There are strategies which helped to create a supportive environment for employees in an acquisition including using feedback when they are learning a new role within the organization (Schweiger et al., 1987). Feedback is important because it provided them with a benchmark on learning their new roles within the new company. “Feedback is especially important to individuals who are retained by acquiring companies because it lets them know how they are performing in the new system and whether they are progressing on any meaningful career path” (Schweiger et al., 1987, p. 132). The value of feedback from both managers and peers has high importance in the learning process as employees are learning new roles within the company Noe & Schmitt, 1986). Feedback is a key component in supporting learning transfer for employees in their new environment (Colquitt et al., 2000).
Communication also played an important role to employee success in an acquisition whereas lack of communication negatively impacted employee success. A lack of information or communication in an acquisition caused additional stress to employees which resulted in a lack of commitment to the organization and decreased productivity (May et al., 2004). Communication is a key component to minimizing this stress to employees.

Under circumstances of stress to the organization, such as in a merger or acquisition, communication is the key to managing uncertainty in the acquired organization. If communication is inadequate in quantity, quality, or congruence for the acquired organization, rumor mills, a decrease in productivity, and an increase in employee turnover can result. (Bastien, 1987, p. 32)

Keeping lines of communication open for employees as well as having well designed and well-crafted communications is important in helping to reduce employee anxiety in a merger or acquisition (May et al., 2004).

Employees in a merger or acquisition can experience stress and anxiety due to cultural and organizational changes (Cartwright & Cooper 1993; Covin et al., 1996; Mirvis & Marks, 1992; Schweiger et al., 1987). The stress that employees have negatively impacted their ability to perform and be involved in the new organization however utilizing strategies such as feedback and communication helped to support positive outcomes for employees who are impacted by a merger or acquisition. (Noe & Schmitt, 1986; Schweiger et al., 1987; May et al., 2004).

**Employee Engagement in Acquisitions**

While mergers and acquisitions can be extremely stressful for employees and their ability to learn and perform in the organization is it critical to merger and acquisition success that employees remained engaged in their roles and engaged in the new organization. Having
engaged employees is especially critical as companies work through the merger and acquisition integration process which can be extremely stressful and impactful to employees (Galpin, Maellaro & Whittington, 2012). In a study conducted by The American Management Association it was found that “25 percent of top performing employees in an organization leave within 90 days of a major change even such a merger or acquisition regardless of the fact they still have a job” (Galpin et al., 2012, p. 43). Therefore, it is critical that companies keep employees engaged and performing in their roles even during a disruptive and stressful even like a merger or acquisition.

Employee engagement is defined as “fostering employee interest and enthusiasm for work, so that people can bring discretionary effort, which can include extra time and energy” (Galpin et al., 2012, p. 45) or more simply put “the individual’s involvement and satisfaction with as well as enthusiasm for work” (Harter, Schmidt & Hayes, 2002, p. 269).

Culture is crucial to merger and acquisition success. In addition to culture having an impact in merger and acquisition success, (Cartwright & Cooper, 1993; Kotter & Heskett, 1992; May et al., 2004) employee engagement played a critical role as well. In a merger and acquisition situation, companies need to keep employees engaged in not only their day-to-day work but also engaged in the overall success of the new or combined organization (Galpin, et al., 2012). Having engaged employees is critical to success in mergers and acquisitions because employees traditionally have significant impact on key performance measures such as productivity, profitability, safety, and customer satisfaction (Galpin et al., 2012).

In their study on the relationship between employee engagement and business unit outcomes, Harter, Hayes and Schmidt (2002) reviewed seven years of findings of the Gallup Workplace Audit which was designed to measure overall satisfaction and measures of employee
engagement. In their study, they reviewed responses from 36 companies in the financial, manufacturing, retail, service and transportation industries and the total number of survey responses they reviewed for this study was 198,514 (Harter et al., 2002). The purpose of this study was to show that companies who had higher results in the employee engagement survey, would have better business outcomes in the categories of customers satisfaction, employee loyalty (turnover), productivity, profitability and safety (Harter et al., 2002).

What they found in this study was that companies who were above the median on their measure of employee engagement had a 70% higher success rate in business outcomes when compared against those companies that had a score below the median in employee engagement. When looking specifically at profitability and productivity:

Business units in the top quartile on the employee engagement measure produced 1 to 4 percentage points higher profitability and that business units in the top quartile on employee engagement had, on average, from $80,000 to $120,000 higher monthly revenue or sales. (Harter et al., 2002, p. 275)

Through this study they connected that positive employee engagement directly impacted positive business outcomes and that employee engagement surveys are useful tools to provide information that businesses can use to improve management and business performance (Harter et al., 2002).

In a merger and acquisition environment, keeping employees engaged in their roles can be challenging. Conditions become unstable as change is inevitable throughout the integration process. When employees are working through these changes and unstable conditions they lose their commitment to their roles and the organization (Galpin et al., 2014). It is critical that employee engagement, or re-engagement, become a goal of merger and acquisition integration
process so that employees can become involved and enthusiastic towards their work as part of a new or combined company (Galpin et al., 2014).

Knowing that mergers and acquisitions are stressful to employees and caused them to disengage from their day-to-day work, it is important that companies have a way to measure employee engagement throughout the merger and acquisition process. Buono (2002) wrote that analysis needs to occur throughout the merger and acquisition process to “uncover potential problems in working conditions, work organization, communication-cooperation dynamic, training needs and strategy implementation” (p. 96). Additionally, once companies are able to uncover these issues or problems throughout the merger and integration process that they use the information to create a stronger new company and a better experience for employees (Buono, 2002).

In referencing a study completed by Mercer, Baynham (2011) found that only 25% of respondents to the survey were measuring employee engagement in their merger and acquisition activity. Baynham (2001) noted that employees in a merger or acquisition, particularly the employees who were acquired, had to have commitment to the new organization and be aligned to new company’s mission and strategic initiatives. When tying engagement back to business outcomes:

Organizations with the most engaged workforces perform better, with higher revenue growth and profitability than organizations reporting low levels of employee engagement, it is safe to say that successful cultural integration in an M&A transaction is largely about driving the behaviors that ultimately drive engagement. (Baynham, 2011, p. 13)

One of the strategies recommended by is the use of employee engagement surveys, specifically pulse surveys that could be administered from the date of acquisition up through the completion
of the integration process (Baynham, 2011). These engagement surveys were beneficial in mergers and acquisitions because they allow for companies to keep a pulse on how employees are feeling within the new organization as well as measure if there was improvement in employee engagement (Baynham, 2011). As engagement levels were tracked, this allowed for the organization to review and adjust their communication plan as well as develop action plans around the feedback they were receiving from employees (Baynham, 2011).

Mergers and acquisitions can be extremely stressful to employees, but the use of engagement surveys can provide organizations with usable data to help them keep a pulse on employee stress, improve communication, culture integration, employee engagement, and overall improve merger and acquisition outcomes.

Summary

Most mergers and acquisitions failed to meet their financial expectations. One of the reasons often cited for mergers and acquisitions fail is as a result of poor cultural integration. When employees are acquired they are expected to learn the new company’s culture, interact with new co-workers, new management and new ways of getting things done within the organization. All of this change can cause stress which comes from the uncertainty and lack of control that employees have in a merger and acquisition. This stress can lead to decreased organizational commitment and decreased employee engagement. Both organizational commitment and employee engagement are key in helping companies achieve their financial goals and as a result, both of these are critical in a merger or acquisition in achieving financial results. One strategy to understanding organizational commitment and employee engagement is through the use of employee engagement surveys. These surveys can help companies understand employee engagement levels and develop strategies to improve engagement.
Chapter III: Methodology

Company XYZ had a strategic plan to conduct regular employee engagement surveys with employees but no plan to include acquired employees as part of this process. Acquired employees are not included in the surveys due to the perception that they may negatively impact overall company results as well as pull down the response rate with routinely exceeds 80%. However, due to the stress and challenges that acquisitions had on acquired employees, it is critical for Company XYZ to have a mechanism to measure employee engagement throughout the acquisition integration process.

It is important to acknowledge the impact that acquisitions have on employees. Acquisitions are stressful to employees and as the literature review noted, stress can have a negative impact on employee engagement. Utilizing an employee engagement survey throughout the integration process allowed Company XYZ to keep a pulse on how employees are integrated into Company XYZ’s culture and measure how engaged they are within their roles and within Company XYZ. The questions for the survey will be grouped into four categories, engagement in Company XYZ cultural beliefs, understanding of Company XYZ’s strategy, employee change readiness and overall employee satisfaction.

The methodology to create the acquisition survey for Company XYZ, involved evaluating the questions that existed as part of Company XYZ’s employee engagement survey to determine if any of those could questions could be utilized in the acquisition survey. The existing survey for Company XYZ was much longer, over fifty questions, so there were questions that pulled from the existing survey that were relevant to Company XYZ’s cultural beliefs, strategy and overall satisfaction. However, there were not any questions that were relevant to change readiness. In an acquisition, employees undergo substantial change as they
learn new cultures, policies, new ways of working, new co-workers, and new possibly
supervisors. To measure this in the engagement survey, questions around change readiness were
created.

**Subject Selection and Description**

The subject selection involved employees of two companies who were acquired by
Company XYZ in the second half of 2017. These employees were selected because they were
going through the integration process and the goal of the engagement survey is to measure
employee engagement throughout the acquisition integration process. All employees at these
two companies were eligible to participate in the acquisition employee engagement survey.

**Instrumentation**

The acquisition employee engagement survey, found in Appendix A, was done using a 24
question survey designed to gauge employee engagement in the following categories:
engagement in cultural beliefs, Company XYZ strategy, change readiness, and overall employee
engagement. Of the 24 questions, 22 of the questions were measured using a six-point scale with
responses of strongly disagree, disagree, somewhat disagree, somewhat agree, agree and strongly
agree. Using a six-point scale allowed for a wider range of responses and a better indication of
where employees rated on the engagement scale. This was a variation of the employee survey
administered by Company XYZ which only allowed for responses on a five-point scale.

The question on the survey designed to measure overall employee engagement utilized a
10-point scale. The purpose of this question is to determine an employee promoter score which
measured responses to the statement, “I recommend Company XYZ as a good place to work”.
Employees were able to rate Company XYZ on a scale from zero to 10 with 0 being not at all
likely, 5 being neutral and 10 being extremely likely. Lastly an open-ended comment section was added for employees to add any additional comments or feedback.

**Data Collection Procedures**

The acquisition employee engagement survey was administered using the third party, survey hosting website Survey Monkey. One of the concerns was to keep the acquisition data separate from that of the Company XYZ employee engagement survey data. Using Survey Monkey allowed for a separate data platform and no accidental cross contamination of the data were acquisition results could be inadvertently included with overall company engagement survey results.

To encourage participation in the surveys, posters were placed around the acquired locations of Company XYZ inviting employees to participate in the survey as well as provided the weblink to the survey. Additionally, flyers were placed with employee paystubs and at time clocks, so employees were aware of the survey. Lastly, regular e-mails were sent out to employees reminding them to participate in the survey with a weblink to access the survey.

Since Survey Monkey was used as the host for the survey, this required that all employees have access to either a computer or mobile device and the internet. Not all employees within Company XYZ used computers in their roles and as such, are not provided with company e-mail addresses, these employees were primarily in Supply Chain as using e-mail was not part of their day-to-day work requirements. As a result, special consideration was needed to ensure that these employees had access to be able to take the survey. All the posters and flyers that were posted around the company alerted employees that they had to option to complete the survey utilizing any mobile device including their personal smart phone. In addition to that option, two computer kiosks were placed in near the break areas frequently utilized by these
employees. These kiosks allowed employees without work e-mail addresses to access the company intranet site as well as access to the survey website.

Lastly, the engagement surveys were set to run for a three-week timeframe. This timeframe was selected because it was the same timeframe that was used for the overall Company XYZ employee engagement survey. Three weeks was deemed as ample time to allow all acquired employees to take the survey and provide their feedback.

Data Analysis

Since these surveys were collected utilizing the third-party website Survey Monkey, survey analysis is included as part of the subscription. As a result, all the responses are collected and analyzed by Survey Monkey and were exported to Excel for additional analysis and review.

Limitations

This study was limited to only companies that were acquired by Company XYZ in 2017. There were other acquisitions completed by Company XYZ in 2016 however since these acquisitions were considered fully integrated into Company XYZ and were included as part of the regular employee engagement survey cadence. Additionally, since there were only two companies acquired by Company XYZ in 2017, the sample size for the acquisition employee engagement survey was small.

Additionally, this study was limited to only creating an administering an employee engagement survey to the acquired companies. A future project will include putting together survey results into a presentation deck that can be shared with Company XYZ leadership and further used to create action plans to act on feedback and results from the survey.
Summary

The information collected from the acquisition employee engagement survey was beneficial to Company XYZ. The information collected from these surveys allowed for Company XYZ to measure employee engagement throughout the acquisition integration process. Having this measurement was impactful to Company XYZ as employees who are engaged have better work outcomes, so these surveys allowed Company XYZ to have a pulse on employee engagement and act to improve where needed.
Chapter IV: Results

Company XYZ’s acquisition employee engagement survey was developed by using questions that were designed to align to the company’s culture beliefs of Teamwork, Straight Talk, Best of the Best and Be Accountable. Since company culture is a critical component of merger and acquisition success, these questions were used to determine how well the acquired companies were integrating into Company XYZ cultural beliefs.

In addition to the cultural belief questions, additional questions were added that were designed to measure change readiness. Employees who are part of an acquired company undergo a great deal of stress as they are learn about the new company, new processes and procedures and even new roles within the organization. These questions were used to determine how prepared the employees are to deal with change as they move through the acquisition integration process.

Finally, the last question was designed to create an employee promoter score which measures overall employee engagement. Employees are asked to rate if they would recommend Company XYZ on a 10 point scale with 10 being the highest. The percentage of employees who gave a score of five or below are subtracted from the percentage of employees who gave a score of nine and 10 which determined the employee promoter score. The score can range from -100 (worst possible score) to +100 (best possible score), the higher the score the higher the level of employee engagement in the organization.

Demographics

The acquisition employee engagement survey was delivered to employees who were part of a Company XYZ acquisition in 2017. There were two acquisitions completed in 2017, one was a one location acquisition and the other a three-location acquisition. The survey was
administered twice to each acquisition. The first survey was administered in the first three months post acquisition and the second survey was administered at nine months post acquisition.

All employees who were employed at the time of the survey launch date were eligible to participate in the survey. The employees represented functional areas including sales, office and supply chain. The response rate for the surveys was broken down as follows: the first acquisition completed in 2017, had a 26% response rate on their first survey and an 82% response rate on their second survey, the second acquisition completed in 2017 had a 45% response rate on their first survey and a 74% response rate on the second survey. The total number of respondents for all acquisitions for the first survey was 135 and the total number of respondents for the second survey was 276.

There were no identifying demographic questions asked as part of the survey. The employees taking the survey were all acquired employees and there can be a lot of stress and fear for these employees due to all the uncertainty they can face in the integration process. The survey was designed to be anonymous and employees were told the survey would be anonymous. The companies acquired by Company XYZ were smaller organizations, so the demographic questions were left out so as not to have any perception that employees could be identified by their responses to the demographic questions. By having a fully anonymous survey with no demographic questions, the acquired employees could answer freely without fear that they would be identified.

**Change Readiness**

In a merger or acquisition, there is a significant amount of change that employees go through as they learn about their new company, new leadership, new co-workers and ways to complete their work in the new or combined company. All of this change can be extremely
stressful to employees and when there is stress involved in workplace it can cause employees to disengage or not be as engaged in their work and the company.

As employees moved through the integration process they not only performed their daily job but supported the integration process as well. The acquired employees had to be active learners in order to understand how to do their jobs in the new company and how to get things done in the new company. All of this learning had to be done in addition to performing their day-to-day job responsibilities. The first question was designed to measure change readiness for the integration process, Table 2 includes the results.

Table 2

*I Understand How my Role Fits into the Integration Process*

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>22</td>
<td>16.30%</td>
<td>70</td>
<td>24.45%</td>
</tr>
<tr>
<td>Agree</td>
<td>61</td>
<td>45.19%</td>
<td>131</td>
<td>47.64%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>38</td>
<td>28.15%</td>
<td>42</td>
<td>15.27%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>10</td>
<td>7.41%</td>
<td>17</td>
<td>6.18%</td>
</tr>
<tr>
<td>Disagree</td>
<td>1</td>
<td>0.74%</td>
<td>7</td>
<td>2.55%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>3</td>
<td>2.22%</td>
<td>8</td>
<td>2.91%</td>
</tr>
</tbody>
</table>

The first survey was delivered in the first 90 days a higher percentage of employees agreed with the statement that they understand how their role fits in the integration process when compared with the survey delivered at nine-months. Nine months post acquisition roles are more defined and more information about the future structure of the company is available to employees. When associates are unsure of their standing within the organization it can caused
increased employee stress. Company XYZ, has an opportunity to help these acquired associates better understand how their roles fit into the integration process.

When companies are acquired by Company XYZ, almost everything will change for the acquired associates from their job titles, certain responsibilities, and the computer system to the name on the building. The second question was designed to measure respondents’ level of change readiness, Table 3 includes the results.

Table 3

*I Clearly Understand there will be Changes as a Result of the Integration Process*

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1</th>
<th>Survey 1</th>
<th>Survey 2</th>
<th>Survey 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percentage</td>
<td>Frequency</td>
<td>Percentage</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>61</td>
<td>45.52%</td>
<td>101</td>
<td>36.59%</td>
</tr>
<tr>
<td>Agree</td>
<td>67</td>
<td>50.00%</td>
<td>155</td>
<td>56.16%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>4</td>
<td>2.99%</td>
<td>12</td>
<td>4.71%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>1</td>
<td>0.75%</td>
<td>2</td>
<td>0.72%</td>
</tr>
<tr>
<td>Disagree</td>
<td>1</td>
<td>0.75%</td>
<td>2</td>
<td>0.72%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>0</td>
<td>0.00%</td>
<td>3</td>
<td>1.09%</td>
</tr>
</tbody>
</table>

Since the second survey was delivered at the nine-month period and the integration process was well underway at that point it was interesting that there were associates who disagreed with that statement in the second survey. This could be due to the increased response rate in the second survey so there could be associates who took the second survey but not the first survey. There are also departments, particularly in supply chain, where the changes are minimal until the computer system integration which traditionally occurs at the 12 to 16-month post acquisition mark. Since demographic information was not collected as part of the survey, it
is not known the department in which the respondents work. Additional feedback would be needed to better understand why the percentage of employees who disagreed with this change statement decreased from the first survey to the second survey.

The third question also measured change readiness, this question was designed to determine if the associates looked forward to being a part of Company XYZ and in conjunction with the other change readiness questions, were prepared to undertake the changes that will come as a result of the integration process, Table 4 includes the results.

Table 4

*I am Excited About my Role in Helping to Achieve Our Organizational Goals*

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>13</td>
<td>9.70%</td>
<td>113</td>
<td>40.94%</td>
</tr>
<tr>
<td>Agree</td>
<td>43</td>
<td>32.09%</td>
<td>116</td>
<td>42.03%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>12</td>
<td>9.70%</td>
<td>32</td>
<td>11.59%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>1</td>
<td>0.75%</td>
<td>3</td>
<td>1.09%</td>
</tr>
<tr>
<td>Disagree</td>
<td>1</td>
<td>0.75%</td>
<td>3</td>
<td>1.09%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>0</td>
<td>0.00%</td>
<td>3</td>
<td>1.09%</td>
</tr>
</tbody>
</table>

With the second survey being delivered, at the nine-month point post acquisition, no formal announcements had made about which roles will be available in the integrated company. However, there are traditionally jobs that will not move forward in the integrated company. As employees learn more about how the future structure of the new company there may be assumptions made about which roles will be included or not included in the integrated company. The uncertainty that comes from not knowing if employees will have a role can cause an increase
in employee stress in the integration process. This uncertainty could be a driver as to why excitement in helping the company achieve goals would decrease from the first survey to the second survey.

The fourth question was also designed to measure change readiness in the integration process, Table 5 includes the results. Communication is a critical part of the integration process. Lack of communication about what is happening in the integration process can increase employee stress throughout the process as they speculate on what will happen throughout the process. This stress caused from lack of communication can decrease employee productivity and commitment to the organization.

Table 5

*I am Given Enough Information to Prepare for the Changes we are Expected to Make*

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>19</td>
<td>14.07%</td>
<td>19</td>
<td>6.91%</td>
</tr>
<tr>
<td>Agree</td>
<td>39</td>
<td>28.89%</td>
<td>96</td>
<td>34.91%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>44</td>
<td>32.59%</td>
<td>76</td>
<td>27.64%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>16</td>
<td>11.85%</td>
<td>20</td>
<td>7.27%</td>
</tr>
<tr>
<td>Disagree</td>
<td>9</td>
<td>6.67%</td>
<td>19</td>
<td>6.91%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>8</td>
<td>5.93%</td>
<td>19</td>
<td>6.91%</td>
</tr>
</tbody>
</table>

The responses from this question identify an opportunity for Company XYZ to improve communication in their acquisition integration process. Company XYZ runs weekly integration update calls however these are only attended by employees from Company XYZ and not the acquired company. There are also presentation decks with integration updates provided to local
leadership however, the delivery can be inconsistent and may not reach every associate in the organization. While associates indicated that they understood that there will be change and that they were excited about supporting Company goals, there was opportunity for Company XYZ to improve how they are communicating about changes to the acquired associates.

The last question was designed to measure how associates feel that their co-workers will be able to adapt to all of the changes that come as a result of the integration process. While associates may feel that they were prepared for the changes that will come as a result of the integration, they may feel that their co-workers were not as prepared for those changes, Table 6 includes the results.

Table 6

*The People I Work with Easily Adapt to New Ways of Doing Things*

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>13</td>
<td>9.63%</td>
<td>39</td>
<td>14.23%</td>
</tr>
<tr>
<td>Agree</td>
<td>51</td>
<td>37.78%</td>
<td>97</td>
<td>35.40%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>52</td>
<td>19.26%</td>
<td>89</td>
<td>32.48%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>12</td>
<td>8.89%</td>
<td>30</td>
<td>10.95%</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
<td>1.48%</td>
<td>11</td>
<td>4.01%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>5</td>
<td>3.70%</td>
<td>8</td>
<td>2.92%</td>
</tr>
</tbody>
</table>

The role of peers or co-workers is a vital role to reduce stress for associates impacted by an acquisition and co-workers can help employees positively transition through the integration process. However, if associates feel that their co-worker cannot adapt successfully in the new organization it could cause added stress to the associates as they may be asked to take on more
responsibility or more of a peer counselor role due to their co-worker’s inability to adapt to the change.

The amount of change that employees go through as a result of the integration process is substantial and this change can be extremely stressful to associates. When employees are stressed in their jobs, it causes them to disengage or not be committed to the overall success of the integration and new company. While the associates who were acquired by Company XYZ indicated they were excited about their roles in helping the company to achieve its goals and had a strong understanding that change is coming, there was not as much certainty that their co-workers would be able to adapt to the changes. Additionally, communication is a clear opportunity based on the results and something that Company XYZ should focus on as it moves forward with their integration process.

Integration into Cultural Beliefs

Cultural integration is a key piece of merger and acquisition integration success and as a result, it was important to develop questions that would measure how the employees of the acquired companies were integrating into Company XYZ’s cultural beliefs. The first survey was delivered in the first three months post acquisition, this is when the acquired employees were in a stage of uncertainty, unfamiliar with Company XYZ, and unsure of what the acquisition meant for them, their co-workers and future employment prospects. The second survey was delivered at nine months post acquisition, at this stage the acquired companies were well into the integration process. At the nine-month point, the acquired employees should be more familiar with Company XYZ’s cultural beliefs, and while they may have a better perception of what the new company will look like, they may not have full clarity around how to work in the new company and what employment prospects might exist for them in the new company.
XYZ’s four cultural beliefs of teamwork, straight talk, best of the best and be accountable are the cornerstone to how employees are expected to perform and how work gets done inside of Company XYZ. Within the employee engagement survey, there are 10 questions designed to measure overall engagement in Company XYZ’s cultural beliefs.

**Teamwork**

The cultural belief of teamwork references how well employees work together in their own work groups and with other work groups across the organization. There were two questions designed to measure how the acquired employees were engaging in Company XYZ’s cultural belief of teamwork.

The purpose of the first question, was to understand if teamwork was an existing part of the acquired company culture. Since Company XYZ is a large, multi-state organization, associates need to be able to work cross functionally across multiple departments with multiple co-workers and sometimes work outside of the scope of their day-to-day responsibilities in order to get projects completed. Table 7 outlines the results.

**Table 7**

*The People I Work with are Willing to Help Each Other, even if it Means Doing Something*

*Outside their Usual Activities*

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>40</td>
<td>29.63%</td>
<td>74</td>
<td>26.81%</td>
</tr>
<tr>
<td>Agree</td>
<td>46</td>
<td>34.07%</td>
<td>101</td>
<td>36.59%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>26</td>
<td>19.26%</td>
<td>57</td>
<td>20.65%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>11</td>
<td>8.15%</td>
<td>10</td>
<td>3.62%</td>
</tr>
<tr>
<td>Disagree</td>
<td>5</td>
<td>3.70%</td>
<td>15</td>
<td>5.43%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>7</td>
<td>5.19%</td>
<td>10</td>
<td>3.62%</td>
</tr>
</tbody>
</table>
These results indicated that the employee were willing to help each other but with only a minor change in results from survey one to survey two there may be opportunity to continue to improve teamwork between co-workers and departments.

The second question aligned with the teamwork cultural belief, was designed to understand if employee frequently engaged with other co-workers and other departments in order to get project completed, Table 8 contains the results.

Table 8

*The People I Work with Engage the Right People, in the Right Way, at the Right Time*

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>16</td>
<td>12.03%</td>
<td>48</td>
<td>17.39%</td>
</tr>
<tr>
<td>Agree</td>
<td>49</td>
<td>36.84%</td>
<td>105</td>
<td>38.04%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>49</td>
<td>36.84%</td>
<td>87</td>
<td>31.52%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>10</td>
<td>7.52%</td>
<td>21</td>
<td>7.61%</td>
</tr>
<tr>
<td>Disagree</td>
<td>5</td>
<td>3.76%</td>
<td>6</td>
<td>2.17%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>4</td>
<td>3.01%</td>
<td>9</td>
<td>3.26%</td>
</tr>
</tbody>
</table>

Since both questions that aligned with the Teamwork cultural belief had similar response rates, this indicated that teamwork was an opportunity in the acquired company. Within the Company XYZ culture, departments meet together regularly to work together on projects, process improvement and collaborate on how to achieve company goals. The companies that are acquired by Company XYZ are often smaller, leaner organizations where associates are often focused on just completing day-to-day tasks. Within these organizations there may not be as many opportunities to work with co-workers in a collaborative manner. As Company XYZ
works with the acquired companies throughout the integration process, focusing on the teamwork cultural belief would be an opportunity to help these companies work more collaboratively.

**Straight Talk**

Straight talk is another cultural belief of Company XYZ and there were three questions within the survey that measure how the acquired companies are integrating into this cultural belief. Straight talk is the willingness of employees within Company XYZ to speak up when they see something that needs to be corrected or improved along with encouraging employees to give and seek feedback. The three questions that were designed to measure how the acquired employees were integrating into the cultural belief of straight talk are “the people I work with courageously tell the truth to one another about difficult topics”, “it is safe to speak up at work” and “the people I work with seek the truth and exchange objective feedback”.

Company XYZ promotes a culture where employees are encouraged to provide feedback to each other as well as give and receive feedback from leadership and the first talk straight question was designed to measure their responses, Table 9 states the results.

**Table 9**

*The People I Work with Courageously Tell the Truth to one Another about Difficult Topics*

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>26</td>
<td>19.26%</td>
<td>49</td>
<td>17.82%</td>
</tr>
<tr>
<td>Agree</td>
<td>47</td>
<td>34.81%</td>
<td>124</td>
<td>45.09%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>43</td>
<td>31.85%</td>
<td>63</td>
<td>22.91%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>10</td>
<td>7.41%</td>
<td>20</td>
<td>7.27%</td>
</tr>
<tr>
<td>Disagree</td>
<td>7</td>
<td>5.19%</td>
<td>14</td>
<td>5.09%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>2</td>
<td>1.48%</td>
<td>5</td>
<td>1.82%</td>
</tr>
</tbody>
</table>
Company XYZ has the opportunity to improve how the acquired associates engage in the cultural belief of straight talk. The results were comparable to the teamwork question of “the people I work with are willing to help each other, even if it means doing something outside their usual activities.” Agreement responses were both in the mid-80% and disagreement responses in the mid-teens. Since two questions about co-workers having lower agreement scores, there may be opportunity to improve trust and open dialogue between departments within the company.

As a publicly traded company, Company XYZ holds itself to high ethical standards and encourages associates to point out and name ethical or safety concerns in the organization. Additionally, they also offer a confidential check-in line where associates can anonymously report any concerns that they might have in the workplace. Company XYZ wants employees to feel secure in being able to bring up issues as they arise in the organization. The second question that aligns to the cultural belief of straight talk was designed to measure responses on this topic, the results are stated in Table 9.

Table 10

*It is Safe to Speak up at Work*

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>30</td>
<td>22.56%</td>
<td>54</td>
<td>19.64%</td>
</tr>
<tr>
<td>Agree</td>
<td>43</td>
<td>32.33%</td>
<td>118</td>
<td>42.91%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>30</td>
<td>22.56%</td>
<td>52</td>
<td>22.91%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>15</td>
<td>11.28%</td>
<td>21</td>
<td>7.64%</td>
</tr>
<tr>
<td>Disagree</td>
<td>6</td>
<td>4.51%</td>
<td>19</td>
<td>6.91%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>8</td>
<td>6.02%</td>
<td>11</td>
<td>4.00%</td>
</tr>
</tbody>
</table>
It was promising that the scores increased from the first survey to the second survey which indicated the employees feel more comfortable speaking up as they move through the integration process. However, this question had the lowest agree response rate of the straight talk cultural belief questions and identifies an opportunity for Company XYZ to openly encourage associates of the acquired company to speak up at work.

Straight talk is a key cultural belief of Company XYZ and as part of the company culture, they encourage associates to actively seek out feedback and provide feedback. The purpose was that through open feedback and dialogue the organization can continue to improve and achieve its organizational goals. The last question aligned with the straight talk cultural belief, the purpose of this question is to determine if the acquired organization has a similar culture that encourages open feedback. Table 11 states the results.

Table 11

*The People I Work with Seek the Truth and Exchange Objective Feedback*

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>22</td>
<td>16.30%</td>
<td>41</td>
<td>15.02%</td>
</tr>
<tr>
<td>Agree</td>
<td>49</td>
<td>36.30%</td>
<td>128</td>
<td>46.89%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>44</td>
<td>32.59%</td>
<td>67</td>
<td>24.54%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>8</td>
<td>5.93%</td>
<td>21</td>
<td>7.69%</td>
</tr>
<tr>
<td>Disagree</td>
<td>8</td>
<td>5.93%</td>
<td>12</td>
<td>4.40%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>4</td>
<td>2.96%</td>
<td>4</td>
<td>1.47%</td>
</tr>
</tbody>
</table>
This question saw similar response rates to the teamwork question of “the people I work with are willing to help each other, even if it means doing something outside their usual activities” and the other straight talk question of “the people I work with courageously tell the truth to one another about difficult topics” all having agreement results in the mid-80% range. This would further indicate that Company XYZ has an opportunity to help the acquired companies improve in their teamwork, open communication between departments as well as how they provide feedback to each other and leadership.

**Best of the Best**

The third cultural belief of Company XYZ is best of the best which the company refers to going above and beyond in an individual’s daily work, looking for ways to contribute to company success and the overall company standing in its competitive market. There are four questions within the survey designed to measure the acquired employee’s response to how they are integrating into the cultural belief of Best of the Best. The questions that align with the cultural belief of best of the best are, “my immediate co-workers consistently go the extra mile to achieve great results”, “the people I work with challenge the status quo every day to be the best”, “Company XYZ is great at bringing innovative products and services to the market”, and “I understand what Company XYZ’s brand stands for in the marketplace”.

The first question was designed to measure the acquired associates’ perception regarding if their co-workers were engaging in the cultural belief best of the best, Table 12 states the results.
Table 12

*My Immediate Co-workers Consistently go the Extra Mile to Achieve Great Results*

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>35</td>
<td>26.12%</td>
<td>71</td>
<td>25.82%</td>
</tr>
<tr>
<td>Agree</td>
<td>45</td>
<td>33.58%</td>
<td>111</td>
<td>40.36%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>36</td>
<td>26.87%</td>
<td>69</td>
<td>25.09%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>6</td>
<td>4.48%</td>
<td>10</td>
<td>3.64%</td>
</tr>
<tr>
<td>Disagree</td>
<td>6</td>
<td>4.48%</td>
<td>9</td>
<td>3.27%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>6</td>
<td>4.48%</td>
<td>5</td>
<td>1.82%</td>
</tr>
</tbody>
</table>

When reviewing the results, one reason for this increase in percentage of respondents who agree with the statement could be as a result of the higher number of respondents on the second survey. An additional possibility, was that since the second survey was delivered at the nine-month mark, the acquired associates at that point have more interaction with new co-workers from Company XYZ. Rather than working with just the team from the acquired company, they are working on a more regular basis with individuals who are already practicing the cultural belief of best of the best.

The second question that aligned to the cultural belief of best of the best was “the people I work with challenge the status quo every day to be the best”. Similar to the first question, Company XYZ looks for associates to go above and beyond in their day-to-day work and seek out ways to continue to improve processes and help the company achieve organizational goals.
Table 13

*The People I Work with Challenge the Status Quo Everyday to be the Best*

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>19</td>
<td>14.29%</td>
<td>46</td>
<td>16.79%</td>
</tr>
<tr>
<td>Agree</td>
<td>47</td>
<td>35.34%</td>
<td>109</td>
<td>39.78%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>49</td>
<td>36.84%</td>
<td>88</td>
<td>32.12%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>11</td>
<td>8.27%</td>
<td>20</td>
<td>7.30%</td>
</tr>
<tr>
<td>Disagree</td>
<td>4</td>
<td>3.01%</td>
<td>7</td>
<td>2.55%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>3</td>
<td>2.26%</td>
<td>4</td>
<td>1.46%</td>
</tr>
</tbody>
</table>

The responses to this question had comparable results to the first best of the best question. With the percentage of associates agreeing with the statement, this would indicate that the acquired associates are engaging in the best of the best cultural belief as they move through the integration process.

The third question that aligned to the cultural belief of best of the best, is “Company XYZ is great at bringing innovative products and services to the market”. One of the strategic initiatives for Company XYZ was launching new, innovative products three times per year to customers. This was one of the ways that Company XYZ defines themselves as being best of the best and it was important that the acquired associates understand this strategic initiative and the importance it has within the organization. Table 14 states the results.
Table 14

*Company XYZ is Great at Bringing Innovative Products and Services to the Market*

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>40</td>
<td>30.30%</td>
<td>105</td>
<td>38.60%</td>
</tr>
<tr>
<td>Agree</td>
<td>66</td>
<td>50.00%</td>
<td>119</td>
<td>43.75%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>21</td>
<td>15.91%</td>
<td>39</td>
<td>14.34%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>4</td>
<td>3.03%</td>
<td>5</td>
<td>1.84%</td>
</tr>
<tr>
<td>Disagree</td>
<td>0</td>
<td>0.00%</td>
<td>4</td>
<td>1.47%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>1</td>
<td>0.76%</td>
<td>0</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

Company XYZ has done well at including these acquired companies into their innovative product launches which would indicate why there was such a significant percentage of agreement to this statement.

The fourth question for the cultural belief of best of the best saw a similar response with a high percentage of employees agreeing with the statement, the results are stated in Table 15.
Table 15

I Understand What Company XYZ’s Brand Stands for in the Marketplace

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>28</td>
<td>20.90%</td>
<td>94</td>
<td>34.31%</td>
</tr>
<tr>
<td>Agree</td>
<td>67</td>
<td>50.00%</td>
<td>132</td>
<td>48.18%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>32</td>
<td>23.88%</td>
<td>33</td>
<td>12.04%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>6</td>
<td>4.48%</td>
<td>7</td>
<td>2.55%</td>
</tr>
<tr>
<td>Disagree</td>
<td>1</td>
<td>0.75%</td>
<td>8</td>
<td>2.92%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>0</td>
<td>0.00%</td>
<td>0</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

Being new to the Company XYZ as a result of an acquisition, it was important for these acquired associates to articulate what the company brand was and how that was represented in the marketplace to customer and competitors. The high percentage of respondents that agree with the statements on innovative products and brand in the marketplace, shows that Company XYZ had been successful in integrating the acquired employees into their key strategies of innovative products, a strong company brand and the cultural belief of best of the best.

Be Accountable

The fourth cultural belief for Company XYZ’s is be accountable. This cultural belief asked for associates to take responsibility for their work, follow up on commitments, and work to achieve strong financial results. There was one question designed to measure how the acquired companies were aligning to the cultural belief of be accountable, the results are stated in Table 16.
Table 16

At Work, Our Commitment to Customer Satisfaction is Apparent in Action as Well as Words

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>48</td>
<td>36.09%</td>
<td>70</td>
<td>25.45%</td>
</tr>
<tr>
<td>Agree</td>
<td>48</td>
<td>36.09%</td>
<td>120</td>
<td>46.55%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>24</td>
<td>18.05%</td>
<td>55</td>
<td>20.00%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>8</td>
<td>6.02%</td>
<td>8</td>
<td>2.91%</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
<td>1.50%</td>
<td>10</td>
<td>3.64%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>3</td>
<td>2.26%</td>
<td>4</td>
<td>1.45%</td>
</tr>
</tbody>
</table>

The percentage of respondents who agree with the statement, showed that the acquired associates were engaging in the cultural belief of being accountable. These results would indicate that the employees understand that Company XYZ was committed to customer satisfaction and indicate that they were engaging in this cultural belief.

Organizational Commitment and Employee Engagement

Organizational commitment and employee engagement are important components to the merger and acquisition integration process. Employees who are committed to the organization and engaged in their work and the company can better contribute to the organization and overall organizational goals. There are seven questions that were included in the employee engagement survey that were designed to measure organizational commitment and employee engagement as well as one question that was designed to find an overall employee promoter score or overall engagement store.
The first question asked respondents to agree or disagree to the following statement, “My manager clearly communicates the reasons behind the changes we are expected to make”. While there was another question asked in the survey regarding communication, this question was specifically around communication from the associate’s direct manager. The role of a manager is an integral one in helping associates obtain organizational commitment in the new company, Table 17 states the results.

Table 17

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>33</td>
<td>24.63%</td>
<td>63</td>
<td>22.91%</td>
</tr>
<tr>
<td>Agree</td>
<td>48</td>
<td>35.82%</td>
<td>102</td>
<td>37.09%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>26</td>
<td>19.40%</td>
<td>56</td>
<td>20.36%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>13</td>
<td>9.70%</td>
<td>21</td>
<td>7.64%</td>
</tr>
<tr>
<td>Disagree</td>
<td>7</td>
<td>5.22%</td>
<td>14</td>
<td>5.09%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>7</td>
<td>5.22%</td>
<td>21</td>
<td>7.64%</td>
</tr>
</tbody>
</table>

While it had already been identified that Company XYZ had an opportunity to better communicate with associates throughout the integration there was additional opportunity for better communication between managers and associates about the integration process. In the case of the companies that were acquired by Company XYZ, the existing management team were kept in place throughout the integration. In this question, the term manager is referring to the direct manager the associate had in the acquired company and continued to have after acquisition. Since these managers were also associates of the acquired company, they could be
going through their own stress and lack of commitment or engagement which in turn means that, they may not be able to effectively support employees throughout the integration process. They may not be comfortable communicating changes from Company XYZ to their associates because they may not have a full understanding of what the changes mean and how those changes will impact associates.

The second question regarding organizational commitment and engagement was also in reference to the management (or direct manager) from the acquired company. This question asked, “At work, employees can question the decisions of management without fear of retaliation”. Since straight talk was one of the cultural beliefs within Company XYZ, asking this question was designed to determine if the acquired company also has a culture that encouraged straight talk where employees feel comfortable bringing up concerns to the management team. The relationship of manager and employee was critical in minimizing stress and helping employees through the integration process, this question also offers insight into the existing relationship between acquired associates and the acquired management team. Table 18 states the results.

Table 18

*At Work, Employees can Question the Decisions of Management without Fear of Retaliation*

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>24</td>
<td>18.05%</td>
<td>41</td>
<td>15.02%</td>
</tr>
<tr>
<td>Agree</td>
<td>47</td>
<td>35.34%</td>
<td>108</td>
<td>39.56%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>29</td>
<td>21.80%</td>
<td>60</td>
<td>21.98%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>12</td>
<td>9.02%</td>
<td>22</td>
<td>8.06%</td>
</tr>
<tr>
<td>Disagree</td>
<td>11</td>
<td>8.27%</td>
<td>25</td>
<td>9.16%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>10</td>
<td>7.52%</td>
<td>17</td>
<td>6.23%</td>
</tr>
</tbody>
</table>
With low responses about management communication as well as the ability to speak up without management retaliation, there were opportunities for Company XYZ to help the managers of the acquired company be able to receive feedback and better communicate with their employees. This statement had the lowest percentage of respondents agreeing to this statement on the survey. An employee’s relationship with their manager was a key driver in employee engagement and if employees were not comfortable speaking up to management it could have resulted in decreased employee engagement.

The next question was designed to directly drive an organizational commitment response because when employees have a high level of organizational commitment they contribute positively to the organization and overall organizational goals. The results are stated in Table 19.

Table 19

*I am Proud to Work for Company XYZ*

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>78</td>
<td>58.21%</td>
<td>129</td>
<td>46.91%</td>
</tr>
<tr>
<td>Agree</td>
<td>46</td>
<td>34.33%</td>
<td>103</td>
<td>37.45%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>8</td>
<td>5.97%</td>
<td>35</td>
<td>12.73%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>2</td>
<td>1.49%</td>
<td>5</td>
<td>1.82%</td>
</tr>
<tr>
<td>Disagree</td>
<td>0</td>
<td>0.00%</td>
<td>1</td>
<td>0.36%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>0</td>
<td>0.00%</td>
<td>2</td>
<td>0.73%</td>
</tr>
</tbody>
</table>
Since the first survey was delivered within the first 90 days, there were usually very little changes. The stress of learning new roles and understanding where associates fit in the new organization were not yet clear. In the second survey, the organizational commitment was still strong but the percentage of respondents agreeing with the statement did decrease. This change could be due to a higher response rate in the second survey than the first survey. Another possibility could be that as future plans and changes were unfolded at the nine-month point, the stress to employees increased and the organizational commitment decreased.

While the acquired associates had a high organizational commitment to Company XYZ, the fourth organization commitment question was designed to measure the role of co-workers as they were moving through the integration process. The results are stated in Table 20.

Table 20

*My Immediate Co-Workers are Committed to Company XYZ’s Overall Goals*

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>33</td>
<td>24.63%</td>
<td>63</td>
<td>23.25%</td>
</tr>
<tr>
<td>Agree</td>
<td>67</td>
<td>50.00%</td>
<td>129</td>
<td>47.60%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>30</td>
<td>22.39%</td>
<td>62</td>
<td>22.88%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>3</td>
<td>2.24%</td>
<td>10</td>
<td>3.69%</td>
</tr>
<tr>
<td>Disagree</td>
<td>0</td>
<td>0.00%</td>
<td>7</td>
<td>2.58%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>1</td>
<td>0.75%</td>
<td>10</td>
<td>3.69%</td>
</tr>
</tbody>
</table>

Similar to the other questions, the change in results from the first survey to the second survey could be a result of the larger samples size. However, these results could also indicate that as employees moved through the integration process, and changes were occurring at a higher and
faster rate, the perception became that employees believed their co-workers did not have as high of an organizational commitment to Company XYZ.

One of the components of organizational commitment was a desire to maintain membership in the organization. If acquired associates saw themselves having a future with Company XYZ and if they wanted to maintain that membership within Company XYZ they were likely to have a higher level of organizational commitment. The results are stated in Table 21.

Table 21

*I See Myself Working at Company XYZ Three Years from now*

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>80</td>
<td>59.70%</td>
<td>27</td>
<td>9.78%</td>
</tr>
<tr>
<td>Agree</td>
<td>39</td>
<td>29.10%</td>
<td>96</td>
<td>34.78%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>13</td>
<td>9.70%</td>
<td>27</td>
<td>9.78%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>0</td>
<td>0.00%</td>
<td>9</td>
<td>3.26%</td>
</tr>
<tr>
<td>Disagree</td>
<td>1</td>
<td>0.75%</td>
<td>10</td>
<td>3.62%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>1</td>
<td>0.75%</td>
<td>5</td>
<td>1.81%</td>
</tr>
</tbody>
</table>

This question had the largest decline in percentage of respondents agreeing from the first survey to the second survey. One reason for this decrease in agreement rates from the first survey to the second survey could be that as the future organizational structure becomes more known, employees perceived that they will not have a role in the future company. Another possibility for the decrease in scores is that as employees moved through the integration process and learned more about Company XYZ, they may have determined they may not have wanted a role in the future organization.
If employees believe that they have a future within Company XYZ they were likely to have a higher level of organizational commitment. The next organizational commitment question was designed to determine if the acquired associated believed there were long term opportunities within Company XYZ. The results are stated in Table 22.

Table 22

*Company XYZ Offers Long Term Opportunities for me*

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>64</td>
<td>47.76%</td>
<td>106</td>
<td>38.41%</td>
</tr>
<tr>
<td>Agree</td>
<td>43</td>
<td>32.09%</td>
<td>111</td>
<td>40.22%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>24</td>
<td>17.91%</td>
<td>35</td>
<td>12.68%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>2</td>
<td>1.49%</td>
<td>14</td>
<td>5.07%</td>
</tr>
<tr>
<td>Disagree</td>
<td>0</td>
<td>0.00%</td>
<td>5</td>
<td>1.81%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>1</td>
<td>0.75%</td>
<td>5</td>
<td>1.81%</td>
</tr>
</tbody>
</table>

This organizational commitment statement saw the largest decline in percentage of respondents agreeing with the statement from the first survey to the second survey. When employees do not believe that they have a future with the organization it can lead to decreased employee engagement. As Company XYZ continues to move through the integration process, they have significant opportunities to keep employees engaged in the company and in their roles even if there was no future opportunity within the company.

The scores may be lower on the second surveys for the organizational commitment questions because they realized their current role would not exist at their current location in the future. This could have resulted in a decreased organizational commitment as employees
perceived that there may not be opportunities for them within the new company. Another possible explanation for the lower scores on the second survey for the organizational commitment questions was that as they learned more about Company XYZ, its culture, policies and procedures, they may not want a role within Company XYZ. As a result, these associates could have been in the process of pursuing new employment. If employees feel valued, they were more likely to be engaged and contribute positively to the organization. The final question was designed to measure overall organizational commitment and perception on if associates felt valued in the organization. The results are stated in Table 23.

Table 23

*I Feel Like a Valued Member of the Company XYZ Team*

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>50</td>
<td>37.59%</td>
<td>84</td>
<td>30.66%</td>
</tr>
<tr>
<td>Agree</td>
<td>51</td>
<td>38.35%</td>
<td>107</td>
<td>39.05%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>20</td>
<td>15.04%</td>
<td>47</td>
<td>17.15%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>6</td>
<td>4.51%</td>
<td>14</td>
<td>5.11%</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
<td>1.50%</td>
<td>12</td>
<td>4.38%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>4</td>
<td>3.01%</td>
<td>10</td>
<td>3.65%</td>
</tr>
</tbody>
</table>

As stress levels and uncertainty rose for associates throughout the integration process, employees were asked to take on added responsibilities and learn how to perform new tasks within Company XYZ in addition to their day-to-day work. While overall organizational commitment was strong within Company XYZ, particularly at the three-month survey mark, the organizational commitment results were lower at the nine-month survey mark. As Company
XYZ progressed through the integration process it was a challenge to keep a high level of organizational commitment.

**Employee Promoter Score**

Engagement in Company XYZ’s cultural beliefs, change readiness, and organizational commitment are all components in overall employee engagement. The final question on the employee engagement survey was designed to determine an overall employee engagement score or an employee promoter score. The employee promoter score asks, “I would recommend Company XYZ as a good place to work”. The responses are on a scale with zero being “not at all”, five being “neutral” and 10 being “extremely likely”. Table 24 states the results.

Table 24

*I Would Recommend Company XYZ as a Good Place to Work*

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 – Extremely Likely</td>
<td>52</td>
<td>39.10%</td>
<td>89</td>
<td>32.72%</td>
</tr>
<tr>
<td>9</td>
<td>18</td>
<td>13.53%</td>
<td>48</td>
<td>17.65%</td>
</tr>
<tr>
<td>8</td>
<td>28</td>
<td>21.05%</td>
<td>53</td>
<td>19.49%</td>
</tr>
<tr>
<td>7</td>
<td>10</td>
<td>7.52%</td>
<td>22</td>
<td>8.09%</td>
</tr>
<tr>
<td>6</td>
<td>3</td>
<td>2.26%</td>
<td>11</td>
<td>4.04%</td>
</tr>
<tr>
<td>5 – Neutral</td>
<td>18</td>
<td>13.53%</td>
<td>35</td>
<td>12.87%</td>
</tr>
<tr>
<td>4</td>
<td>0</td>
<td>0.00%</td>
<td>5</td>
<td>1.84%</td>
</tr>
<tr>
<td>3</td>
<td>0</td>
<td>0.00%</td>
<td>4</td>
<td>1.47%</td>
</tr>
<tr>
<td>2</td>
<td>3</td>
<td>2.26%</td>
<td>1</td>
<td>0.37%</td>
</tr>
<tr>
<td>1</td>
<td>0</td>
<td>0.00%</td>
<td>2</td>
<td>0.74%</td>
</tr>
<tr>
<td>0 – Not at all Likely</td>
<td>1</td>
<td>0.75%</td>
<td>2</td>
<td>0.74%</td>
</tr>
</tbody>
</table>

In order to determine the employee promoter score, the responses from the above question were converted into groups. The score was calculated by taking the percentage of
respondents who answered a nine or 10 (promoters) and subtracting the percentage of respondents who answered a zero to six (detractors), those who responded seven or eight are considered neutral. The employee promoter score can range from -100 to +100, the closer to +100 the higher the employee engagement. Table 25 states the results.

Table 25

Employee Promoter Score

<table>
<thead>
<tr>
<th>Response</th>
<th>Survey 1 Frequency</th>
<th>Survey 1 Percentage</th>
<th>Survey 2 Frequency</th>
<th>Survey 2 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoters</td>
<td>70</td>
<td>53%</td>
<td>137</td>
<td>50%</td>
</tr>
<tr>
<td>Neutral</td>
<td>41</td>
<td>31%</td>
<td>86</td>
<td>32%</td>
</tr>
<tr>
<td>Detractor</td>
<td>22</td>
<td>17%</td>
<td>49</td>
<td>18%</td>
</tr>
<tr>
<td>EPS Results</td>
<td>+36</td>
<td></td>
<td>+32</td>
<td></td>
</tr>
</tbody>
</table>

There were 133 respondents who answered the question on the first survey given at the three-month mark post acquisition. Seventy respondents scored a nine or 10 to the statement that they would recommend Company XYZ as a good place to work. This equates to a 52.5% promoter score on the first survey. Twenty-two respondents scored a six or below to the question which equates to a 16.5% detractor score. Based on these responses the employee promoter score on the first employee engagement survey was +36. While a score of +100 is considered a perfect score, a score of +36 is still a positive score and does indicate a moderate level of employee engagement.

On the second survey, the number of respondents increased to 272. Of the respondents, 137 respondents scored a nine or 10 to the statement that they would recommend Company XYZ as a good place to work. While the 137 that scored a nine or 10 on the second survey was
substantially more than the seventy respondents who scored a nine or 10 on the first survey, the percent of promoters actually decreased on the second survey from 52.6% to 50%. The percentage of detractors increased from 16.5% to 18% with forty-nine respondents on the second survey scoring a six or below that they would recommend Company XYZ as a good place to work. As a result, the employee promoter score on the second survey decreased four points from +36 to +32. These results would indicate that employee engagement was actually decreasing throughout the integration process.
Chapter V: Discussion, Conclusion and Recommendations

Culture is a key part of merger and acquisition success, as both the acquiring company and the acquired company have their own unique culture. Cultural integration can be equal to or larger than the importance of strategic fit in mergers and acquisitions and is a vital component in the long-term success or failure of the merger or acquisition deal. One of the challenges that acquiring companies faced was to determine how to best integrate the acquired company into its existing company cultures.

In addition to cultural considerations in mergers and acquisitions, there was also a large amount of stress that employees faced as they move through the merger and acquisition integration process. This stress came from the uncertainty that exists in the integration process as employees had to learn new processes, work with new co-workers and learn how to get things done in the new organization. There was also the stress that came from the uncertainty of not knowing what future opportunities or jobs will be available in the company after the merger and acquisition integration process was completed. High organizational commitment, strong relationships with managers and peers as well as effective communication helped employees successfully maneuver through the integration process.

Finally, employee engagement was key to merger and acquisition success. Employees who were engaged in their work traditionally have a significant, positive impact on company key performance measures. The work environment, in a merger and acquisition integration, is often unstable due to all the change happening within the organization. As companies worked through the merger and acquisition integration process, having employees who were engaged in their work and engaged in helping the new company succeed is critical to mergers and acquisition success.
**Research Question 1**

The first research question was what do the survey responses measure about the acquired employees’ level of change readiness towards the integration process? It was important to understand if the acquired employees were prepared for the changes that they would be expected to undertake as part of the integration process. In order to understand where employees were in reference to change readiness, five questions regarding change readiness were included as part of the employee engagement survey. Five of the six change readiness questions had agreement responses in the mid-to-high 90% range on the first survey delivered at the three-month post acquisition mark. The one question with the lowest percentage of agreement was, “I am given enough information to prepare for the changes we are expected to make” which only had agreement response rates in the mid-to-high 70% range. These results indicated that while employees understood that changes were part of the integration process and, were excited about their role in the integration process they needed more information on the changes to feel comfortable within the organization.

While the percentage of respondents agreeing with the statements was high, four of the five questions designed to measure change readiness saw declines in the percentage of respondents agreeing with the statements from the first survey to the second survey. This would indicate that employees felt prepared at the three-month mark for changes that resulted from the acquisition. However, once those changes began to materialize at the nine-month mark, and associates were asked to take on more responsibilities, learned the new processes and procedures of Company XYZ, their change readiness decreased which contributed to increased employee stress and decreased employee engagement.
As employee progressed through the merger and acquisition integration process, the rate of change became faster and more substantial which caused additional stress to employees. The only change readiness question that had a score increase indicated that communication did improve from the three-month survey to the nine-month survey. It is notable though, the percentage of respondents that agreed with the statement that “I am given enough information to prepare for the changes we are expected to make” was 76% in the first survey and only increased to 79% in the second survey. This question received the second lowest percentage of agreement on the survey and all other change readiness questions had scores in mid to high 90% range. Improved communication would provide employees better understanding of the changes coming as a result of the integration and also help to improve engagement in the cultural beliefs particularly straight talk.

**Research Question 2**

The second research question was what do the survey responses measure about how the acquisitions are integrating into Company XYZ’s cultural beliefs? It attempted to measure how well the acquisitions completed by Company XYZ in 2017 were integrated into Company XYZ’s company culture. Company XYZ has four key cultural beliefs of teamwork, straight talk, best of the best and be accountable. There were 10 questions designed to measure the acquired employees’ integration into Company XYZ cultural beliefs.

When comparing the responses from the first survey to the second survey, nine out of the 10 cultural belief questions saw the percentage of respondents agreeing with the statements increase anywhere from 1% to 4%. Since nine out of 10 cultural belief questions had an increase in the percentage of agreement responses from the first survey to the second survey, this would
indicate that Company XYZ has worked to integrate the acquired companies into their cultural beliefs as part of the merger and acquisition integration process.

The two cultural beliefs that scored strongest percentage of agreement results were best of the best and be accountable. There were four questions in the survey designed to measure how the acquired associates are engaging in the cultural belief of best of the best. On the first survey the four questions that aligned with the best of the best cultural belief had percentages of respondents who agreed with the statements in the mid 80% to mid-90% range. When the same questions were asked on the second survey, which is delivered at nine-month post acquisition, all four best of the best questions had increases in the percentage of respondents who agreed with the statements. This would indicate that Company XYZ was successful at integrating the acquired companies into this cultural belief. Two ways that Company XYZ integrated the acquired companies into their best of the best cultural belief is by completing a unique product launch within the first 120 days of acquisition and a co-branding strategy that offers a co-branded website and co-branded marketing materials. In doing this the associates begin to understand early in the integration process what Company XYZ’s brand stands for in the marketplace and how they differentiate themselves from the competition.

There was only one question on the survey dealt with the cultural belief of be accountable, “at work, our commitment to customer satisfaction is apparent in action as well as words”. Similar to the best of the best responses, this question had a response of 90% agreeing with the statement on the first survey and 92% agreeing on the second survey. This would indicate that the acquired associates were engaged in this cultural belief. In a merger and acquisition when employees were accountable to themselves, their co-workers and the
organization the more likely they were to take responsibility for their work, follow up on commitments and work to achieve strong financial results.

Company XYZ could continue to improve in integrating their acquisitions into the cultural beliefs of teamwork and straight talk. There were two questions on the survey that aligned with the cultural belief of teamwork. The scores for these two teamwork cultural belief questions were in the low to mid-80% range of percentage of respondents who agreed with the statements. Both of the questions saw only a 1% increase in percentage of respondents who agreed from the first survey delivered at three-months to the second survey delivered at nine-months. This indicated an opportunity for Company XYZ to help the acquired companies work better and collaborate more effectively as a team.

The three questions that aligned with the straight talk cultural belief had scores that indicated an opportunity for improvement. The percentage of respondents who agreed with the talk straight questions were in the high 70% to mid-80% range. Two of the three questions had increases in percentage of respondents who agreed with the statements. One of the straight talk cultural belief questions had the lowest scores of all the cultural belief questions. The statement “it is safe to speak up at work” had only 78% of respondents agreed with that statement on the first survey and 81% agreed with the statement on the second survey. While it is positive that the score increased from the first survey to the second survey, this indicated that employees felt more comfortable engaging in this cultural belief as they moved through the integration process. As Company XYZ continues to move forward with acquiring new companies they should develop a stronger strategy on how to integrate these acquired companies into the cultural beliefs of teamwork and straight talk.
Overall, Company XYZ has been successful in integrating the acquired companies into their cultural beliefs. Results indicated that the associates understand what Company XYZ’s brand stands for the marketplace, how they differentiate themselves from the competition and that they are committed to overall customer satisfaction. Company XYZ does have opportunity to better integrate the acquired companies into their cultural beliefs of teamwork and straight talk. Company XYZ should work with the acquired employees on how they interact with their co-workers and how they work cross functionally across the organization to help them engage in the teamwork cultural belief. Additionally, Company XYZ should work in creating a trusting, safe environment within the acquired companies so associates feel comfortable speaking up and engaging the in straight talk cultural belief.

**Research Question 3**

The third research question was what do the survey responses measure regarding organizational commitment and employee engagement?

Organizational commitment and employee engagement are important to the merger and acquisition integration process. Organizational commitment is how an individual perceives themselves and their place within an organization. It is an employee’s willingness to engage in the organizations culture, beliefs and goals as well put in the effort to be engaged in their work within the organization. When employees lack organizational commitment, it can lead to increased employee stress. Mergers, acquisitions and the integration into the new company are often already stressful due to insufficient resources, increased workloads, reduced prospects for career development and insufficient recognition. As a result, it is critical that companies ensure that employees are committed to the organization throughout the integration process.
Employee engagement is also a necessary component to the merger and acquisition integration process. Employees who are committed to the organization and engaged in their work and the company can better contribute to the organization and overall organizational goals. The merger and acquisition integration process can create an unstable environment due to all the change and stress on employees. Employee engagement is critical so that employees can become involved and feel positive about contributing to the new organization and new organization goals.

Overall, organizational commitment was strong within Company XYZ, associates were prepared for the changes that came as a result of the integration process and they saw themselves as excited for the opportunities that existed within Company XYZ. Respondents showed high agreement with being proud to work at Company XYZ, a willingness to work at Company XYZ three years from now, and a willingness by both individuals and co-workers to help Company XYZ achieve their overall goals.

Even though the organization commitment response rates were strong, the response rates for most of the organizational commitment questions declined from the first survey to the second survey. This indicated that organizational commitment declined throughout the merger and acquisition integration process. The decline could be a result of the acquired employee’s perception of the future state of Company XYZ. As they progressed through the process, they learned new responsibilities or processes they were not as familiar with and this could have increased stress and decreased organizational commitment. Additionally, as the future structure of what the acquired companies would look like under Company XYZ were revealed, employees perceived that they may not have a role or may not get a role they want which resulted in decreased organizational commitment.
Mirvis and Marks (1992) identified three stages of employees in acquired companies, those who are engaged in the helping the new company succeed (the ready), those who did not receive a job or view their current job in the acquired company as a dead end (the wanting), and those whose job has undergone substantial procedural change (the wrung out). While the acquired associates may feel that they are committed to the organization as more change happens throughout the integration process and a clearer picture of what the future organization will look like, it is possible that employees move through these stages. Those who were in the ready at the three-month survey could move into the wrung out as they take on new processes and responsibility or the wanting as they learn more about the structure of Company XYZ and where their current role fits within that structure.

In addition to organizational commitment, the employee promoter score was included on the survey to identify an overall employee engagement score. On the first survey the employee promoter score was +36 and on the second survey the overall employee promoter score decreased to +32. While both scores are still positive, this in an indication that employee engagement is decreasing throughout the integration process. Since engagement is critical in helping organizations achieve their goals, Company XYZ needs to determine how to maintain or minimize decreased employee engagement throughout the integration process. If Company XYZ can keep the acquired associates committed and engaged in the organization, they are likely to get better business results and better results from the merger or acquisition.

**Conclusions**

Company culture, organizational commitment and employee engagement are critical components to the success of merger and acquisition integration. Company XYZ implemented an employee engagement survey that was delivered within the three-months after acquisition and
again at nine-months after acquisition. The questions on the surveys were designed to measure change readiness, integration into Company XYZ’s cultural beliefs, organizational commitment and overall employee engagement through an employee promoter score. These surveys allowed Company XYZ insight into the associate’s mindset as they progressed through the merger and acquisition integration process.

The change readiness response rates showed high percentages of respondents who agreed with the change readiness statements on the survey. Employees were prepared for the change that would come as a result of the merger and acquisition integration process. It is notable that most of the change readiness questions saw the percentage of respondents who agreed with the statements decline from the first survey to the second survey. In the three-month survey, changes were minimal, and employees may be excited for the changes and opportunities that came from being part of a large organization like Company XYZ. However, as employee progressed through the merger and acquisition integration process, the rate of change became faster and more substantial which can cause additional stress to employees. One opportunity indicated in the survey is for Company XYZ to improve communication with the acquired associates about the changes they were expected to make.

From the responses on the survey, Company XYZ was successful in integrating the acquired companies into their cultural beliefs. These questions saw strong percentages of respondents who agreed with the statements and most agreement responses increased from the first survey to the second survey. Company XYZ does have opportunity to better integrate the acquired companies into their cultural beliefs of teamwork and straight talk.

The responses on the organizational commitment questions were mixed. Respondents showed high agreement with being proud to work at Company XYZ, a willingness to work at
Company XYZ three-years from now, and a willingness by both individuals and co-workers to help Company XYZ achieve their overall goals. However, the agreement response rates for the majority of the organizational commitment question declined from the survey to the second survey. This indicated that organizational commitment declined throughout the merger and acquisition integration process.

One reason for this decline is as they progress through the integration process, they learn new responsibilities or processes which could increase stress and decrease organizational commitment. An additional reason for the decline could be a result of the acquired employee’s perception of the future state of Company XYZ. As the future structure of what the acquired companies will look like under Company XYZ is revealed, employees may perceive that they may not have a role or may not get a role they want which could result in decreased organizational commitment.

The employee engagement or employee promoter score was a positive score at +36 and +32 on the second survey, however the engagement score did decrease from the first survey to the second survey. This is an indicator that while the acquired employees are engaged in Company XYZ’s cultural beliefs, their organizational commitment and employee engagement decreased throughout the integration process. Since engagement is critical in helping organizations achieve their goals, Company XYZ will need to identify a way to maintain or minimize decreases in employee engagement throughout the integration process.

**Recommendations**

Based on the responses from the employee engagement survey, there were clear opportunities for Company XYZ to improve the merger and acquisition integration experience for the acquired associates. An improved experience can result in better cultural integration,
decreased employee stress along with maintained or increased organizational commitment and employee engagement.

The first recommendation would be for Company XYZ to improve communication throughout the integration process. The acquired employees indicated that they did not feel they were given enough information about the changes they were expected to make as a result of the integration process. Additionally, the acquired employees indicated that their managers did not clearly communicate on the changes they were expected to make. As part of the integration process, Company XYZ provides a presentation deck that was intended to be delivered monthly by local leadership to the acquired associates with integration updates. However, these presentations do not always reach all employees due to running three shifts across multiple days. Additionally, since the local leadership is from the acquired company they may not feel comfortable speaking to the changes that are coming because of the integration process. One solution to mitigate this is that Company XYZ can have leadership from Company XYZ travel to the acquired companies and provide the integration updates. Since they may not always be able to get there on a monthly basis these presentations could be done every other month or quarterly to provide updates to the employees about what is happening in the integration. This also will allow the management from the acquired company to interact with management from Company XYZ, so they can see how they interact and present communication pieces to employees.

Another possibility could be an employee newsletter that communicates integration updates. This solution could solve for the fact that the presentations do not always get to all the associates. Newsletters could be distributed broadly and quickly throughout the acquired company by including them in employee mailboxes or paystubs. The newsletter would be a
quick way to ensure that all the associates are getting regular communication on what is happening in the integration.

The other recommendation to improve the communication process could be the use of integration updates via conference call. While a conference call does not have the personalization of a face-to-face meeting, it is a useful tool to reach many associates at one time. Since a conference call is not face-to-face, associates may feel more comfortable speaking up and asking questions about the integration process. Employing any one or all of these strategies is a way for Company XYZ to improve communication throughout the merger and acquisition integration process.

Communication plays a key piece in the integration process additionally, an employee’s relationship with their manager is a key component to organizational commitment and employee engagement. Working to improve the employee and manager relationship in the acquired company is another way that Company XYZ can improve employee engagement. The survey responses indicated that managers did not clearly communicate changes that employees were expected to make. This can be solved by moving communication on the changes from the acquired company managers to Company XYZ managers. Two of the questions that received some of the lowest agreement response rates on the survey were, “it is safe to speak up at work” and “at work employees can question the decisions of management without fear of retaliation”. This would indicate a larger opportunity to improve the relationship between acquired company management and acquired company associates.

One recommendation that Company XYZ can do to improve the manager and associate relationship is to evaluate if the acquired company management are the right fit for Company XYZ long term. This evaluation could be done in the first ninety days by Company XYZ
leadership through reviewing business results, onsite observation, and gaining employee feedback through use of the surveys and discussion. If a manager is identified to not be the right fit, they could be exited from the company at that time and Company XYZ could put their own leadership in place at the acquired company. While there is risk associated with this strategy and could send the message to other associates that Company XYZ is looking to replace them with their own people, it does allow Company XYZ to replace an ineffective manager more quickly. The new leader that Company XYZ puts in place in the acquired company would have to work to regain associates trust. This could be done through the use of employee roundtables and townhalls with open communication. It can be a lengthy process to improve trust in an organization however ineffective management could be more detrimental to the merger and acquisition integration process if left in place. If it is decided that the manager could have a long term fit in Company XYZ, they could be sent to Company XYZ leadership training to learn the expectations of the new company. Additionally, they could be assigned a mentor who could meet with them weekly and help them maneuver through situations and how to solve problems within Company XYZ.

Another strategy that Company XYZ could employ to improve manager and associate relationships in the acquired company is through having roundtables with associates without the acquired managers present. These could be led by a Human Resources representative from Company XYZ. The roundtable would give the acquired employees the opportunity to speak openly about any concerns they are having as a result of the acquisition and integration. The Human Resource representative will need to ensure they are actively listening and then using the feedback they receive from the roundtables to drive action through the organization. The Human Resource representative could also use the roundtables as an opportunity to remind associates of
the check in line where they can anonymously report any concerns. Based on the feedback that comes out of the roundtables the Human Resources representative can recommend additional coaching for the managers or strategies that the managers can employ to improve employee and manager relationship.

Company XYZ should focus on communication and improving the employee and manager relationship throughout the merger and acquisition integration process. By employing these recommendations Company XYZ should expect to see improved organizational commitment and higher employee engagement. When the acquired associates are highly engaged in their work and in the company, they are better able to contribute to helping Company XYZ achieve their overall organizational goals.

Overall, the employee engagement survey is a starting point to provide Company XYZ insights into how the acquired associates are feeling throughout the merger and acquisition integration process. By understanding how employees are feeling as they progress through the process, Company XYZ can begin to employ solutions to better communicate with associates, improve teamwork and open communication within the organization and maintain a high level of organizational commitment and employee engagement.
References


Appendix: Acquisition Employee Engagement Survey

1. I understand how my role fits into the integration process.
   - Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree

2. I clearly understand there will be changes as a result of the integration process.
   - Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree

3. I am excited about my role in helping to achieve our organizational goals.
   - Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree

4. My manager clearly communicates the reasons behind the changes we are expected to make.
   - Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree

5. I am given enough information to prepare for the changes we are expected to make.
   - Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree

6. The people I work with are willing to help each other, even if it means doing something outside their usual activities.
   - Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree

7. The people I work with easily adapt to new ways of doing things.
   - Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree

8. The people I work with engage the right people, in the right way, at the right time.
   - Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree

9. My immediate coworkers consistently go the extra mile to achieve great results.
   - Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree

10. The people I work with courageously tell the truth to one another about difficult topics.
    - Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree
11. It is safe to speak up at work.
   Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree

12. The people I work with seek the truth and exchange objective feedback.
   Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree

13. At work, employees can question the decisions of management without fear of retaliation.
   Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree

14. At work, our commitment to customer satisfaction is apparent in action as well as words.
   Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree

15. The people I work with challenge the status quo every day to be the best.
   Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree

16. Company XYZ is great at bringing innovative products and services to the market.
   Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree

17. I understand what Company XYZ’s brand stands for in the marketplace.
   Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree

18. I am proud to work for Company XYZ.
   Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree

19. My immediate coworkers are committed to Company XYZ’s overall goals.
   Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree

20. I see myself working at Company XYZ three years from now.
   Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree

21. Company XYZ offers long-term opportunities for me.
   Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree

22. I feel like a valued member of the Company XYZ team.
   Strongly Disagree  Disagree  Somewhat Disagree  Somewhat Agree  Agree  Strongly Agree
23. I would recommend Company XYZ as a good place to work.