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HOW COMMUNICATION APPROACHES IMPACT MERGERS AND ACQUISITIONS OUTCOMES

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Abstract

Communication is generally viewed as a critical component in mergers and acquisitions (M&A) performance, yet surprisingly little research has examined the link between different communication approaches and M&A outcomes. This paper provides a systematic empirical study to evaluate the link between communication approaches and M&A outcomes. Specifically, a typology is created to examine interaction between the process and content of communication and M&A outcomes, in terms of employee commitment to merged organization strategy and M&A survival. Using data drawn from a single clearly defined M&A wave in the Nigerian banking sector, different communication practices are related to M&A outcomes. The findings are the first to show the effects of communications practices in African M&A and answer the calls for extending M&A research beyond western developed countries. They confirm the importance of communication practices in M&A, extend earlier findings on the importance of post-acquisition integration communication in US and European contexts and show the importance of communicating throughout the whole M&A process.

Keywords: Africa; banks; commitment; communications; M&A; Nigeria; strategic practices; typology

Introduction

There has been a longstanding debate in the strategic management and human resource management (HRM) literature on what determines mergers and acquisitions' ('M&A') performance (King, et al. 2004). Two strands of literature have sought to explain the performance of M&As. The first explanation is related to why and how M&As' are formed (Angwin, 2007a). The second explanation is related to how the process of M&As formation and (post) integration is managed. Within the latter body of literature, communication, a fundamental component of M&A (DeNisi and Shin 2005; Allatta and Singh 2011; Weber, Tarba and Oberg 2014), is seen as the glue that holds together merging organizations. It is

reported to be an important antecedent of M&A performance, and presumed to contribute to its success (Cartwright and Schoenberg, 2006).

Overall, communication is viewed as a backbone of M&A success and one of the prime reasons for M&A failure (Aguilera and Denker 2004). Previous research has made great strides to develop and refine the conceptualizations and definitions of communication strategies during M&As. The discussion of communication in the M&A literature is couched in broad terms such as “open communication”, “effective communication”, and the rule of thumb is that more communication is better (Weber, Rachman-Moore and Tarba 2012). The consensus seems to be that effective organizational communication during M&A helps reduce uncertainty, guides the business through the transition, enhances the degree of post M&A commitment to the “new” organization, and increases M&As’ success rates (Risberg 2001; Aguilera and Denker 2004; Allatta and Singh 2011). Conversely, ineffective communication is expected to lead to high levels of ambiguity and job insecurity, low level of trust and commitment, and negative organizational outcomes.

An important outcome of this prior work is that the types of communication may operate quite differently on employee commitment to the M&A, and thus may hold different implications for M&A performance (Bastien, 1987; Napier, 1989; Schweiger and Denisi, 1991; Söderberg, 2013). However, despite the persuasive argument that different dimensions of communication impact M&A performance differently, scholars have not theorized and or empirically examined the association between different types/dimensions of communication strategies and M&A performance. As a result, the relationship between different types of communication and M&A outcome remains relatively untested. Equally important, the exact role of communication and the process through which it influences M&A performance is not well understood. Taking these debates together, it is imperative to examine empirically the

link between different communications strategies and M&A performance and understand the process through which communication influences M&A performance. In this study we delineate the link between different types of communication and M&A performance. In so doing, this research helps explain the types, and conditions under which, different types of communication are, and are not, important for M&A outcomes.

Specifically, we aim to provide two significant contributions to the HRM and M&A literature. First, drawing on HRM in the M&A literature, and using communication theory as a backdrop, we resolve current deficiencies in knowledge by capturing why and how different types of communication matter in M&As. Second, surprisingly no empirical studies have explored the role of different communication strategies on M&A outcome, although it is widely argued that communication has a strong impact on M&A performance.

This study addresses this major shortcoming by incorporating both the process of communication, namely, communication timing, and the content of communication, namely the richness of communication, including medium through which it is conveyed. We use the term communication approach to refer to a particular combination of the two facets of communication used in this study. Specifically, this study examines the interaction between the process and content of communication approaches employed and M&A outcome in terms of employee identification with merging organization strategic goals and M&A survival.

Echoing recent calls for moving away from the current dominant research approach of focusing on a single episode of M&A, concentrating predominantly on the post-deal stage (see Gomes, Angwin, Weber and Tarba 2013), in this study we explore communication throughout the whole M&A process and capture its outcome after the merger was completed. By focusing on the whole M&A process, this study compliments and extends past studies that touched, often tangentially, on communication during the post-merger process (Bastien 1987;

Ivancevich et al. 1987; Cartwright and Cooper 1990, 1992; Angwin 2000; Krug and Hegarty 2001; Schuler 2001; Schuler and Jackson 2001; Faulkner, Pitkethly and Child 2002; Aguilera and Denker 2004; Papadakis 2005; Piekkari, Vaara, Tienari and Sääntti 2005; Antila 2006; Nikandrou and Papalexandris 2007; Pioch 2007; Shook and Roth 2011), and closes the research gap on communication in M&As in the pre-deal stage. The latter is important because communications in the pre-deal stage of M&A are likely to influence subsequent post-acquisition management issues (Horwitz et al. 2002; Aguilera and Denker 2004; Vaara and Monin 2010; Weber, Tarba and Oberg 2014).

Our study focuses on M&As in African organizations. The context of this study is a good laboratory for examining the impact of communication approaches on M&A outcomes. By focusing on a single and clearly defined wave of M&A in a single sector – i.e. the banking sector in Nigeria, driven by the same push factor- government regulation, a number of factors are kept constant and thus, makes it ideal for observing the impact of different communication approaches on M&A outcomes. Also, by focusing on an African context, the study answers the calls for extending M&A research beyond western developed countries (Larsson and Finkelstein 1999; Weber and Camerer 2003) and fast growing emerging economies, such as China (Dong and Hu 1995; Cooke 2006; Lin et al. 2009); and India (c.f. Kumar and Bansal 2008; Budhwar et al. 2009). To date little is known about M&A in Africa (with only a few studies in a South African, for instance, Theron 2001; Horwitz et al. 2002; Martin and Roodt 2008, or Nigerian context, for instance Gomes, Angwin, Peter and Mellahi 2012) where they are becoming an important part of the business landscape. For the year 2013 total African M&A amounted to some 1,071 deals valued at \$48bn with South Africa recording the most activity with 25% and Nigeria being the second most active country with 16% of deals by value (Zephyr 2013). More generally, managing people in organizations in

Africa remains a scholarly puzzle and a practical challenge as existing studies are concerned primarily with making assumptions and theoretical arguments, with little empirical evidence (Xing, Liu, Tarba and Cooper, 2014). Africa is therefore a good context for an empirical investigation into communications practices as there is scarce literature examining inter-organizational HRM practices (Gomes, Cohen and Mellahi, 2011; Xing, Liu, Tarba and Cooper, 2014).

Literature Review and Research Framework

Communication and M&A outcome: How does communication matter?

Communications play a vital role in M&A outcome (Mirvis and Marks 1986; Bastien 1987; Buono and Bowditch 1989; Schweiger and DeNisi 1991; Cartwright and Cooper 1992; Napier et al. 1992; Angwin 2000; Nikandrou et al. 2000; Zhu et al. 2004; Gomes, Weber, Brown and Tarba 2011; Weber et al. 2012; Weber, Tarba and Oberg 2014). Our review of the literature shows that the role of communications in M&As is portrayed predominantly as normative in character, intuitively appealing but lacks empirical evidence. The general consensus is that effective communications are the “key to managing uncertainty (and) crucial for effectively managing acquisitions” (Bastien 1987, p. 32). In contrast, communication apprehension during M&As is likely to create uncertainties that have a significant negative impact on employee behavior and morale resulting in counter-productive practices, job dissatisfaction, absenteeism and defection (Cartwright and Cooper 1992). The prescriptive literature advocates that providing frequent and timely communication, and clear explanation for why the merger and accompanying reduction in employment levels is necessary, is expected to reduce disruption, help employees through the process of change

during the merger process, and manage different distressing emotions associated with, for instance, a threat of job loss (Schweiger and DeNisi 1991). In contrast, where communications are fragmented and inconsistent, or lacking, employees, searching for signals from management at a time of uncertainty, will fill in the blanks, revert to worst-case scenarios and rely on information through rumour mills (Bastein 1987), which often lead to more anxiety and counterproductive behaviours (Buono and Bowditch 1989). Communication is also required to enhance knowledge transfer (Castro and Neira 2005) and to help the integration of merging corporate structures and cultures (Weber and Tarba 2013). Lack of communication may lead to culture clash, sometimes termed “merger syndrome” (Marks and Mirvis 1985) and subsequently M&A failure (Brahma and Srivastava 2007).

Communication and M&A outcome: Why does communication matter?

Top teams are likely to be committed to mergers because of their involvement in target selection and strategy implementation. In contrast, commitment to mergers is likely to be lacking in force for the general body of employees where the costs of inducements may be far too high to be used to engage all employees effectively. Also, employees may have to forsake their organizational identity and perhaps abandon their ways of doing things and accept new rules. They may have to embrace and, identify with, new organizational norms. Here, social identity theory is concerned with the process by which individuals come to identify with and form bonds to various groups and organizations (Ashforth and Mael 1989; Dutton, Dukerich, and Harquail 1994; Deaux 1996; Clark, Gioia, Ketchen and Thomas 2010; Gioia, Patvardhan, Hamilton and Corley 2013; Kogut and Zander 1996). Organizational identification refers to *'... the degree to which a member defines him- or her-self by the same attributes that he or she believes define the organization'* (Dutton et al. 1994, p. 239). With organizational

identification comes a greater sense of loyalty and commitment to the organization (Mowday et al. 1979; Kogut and Zander 1996). This is highly desirable for merging companies to achieve with their employees but requires a coordinated communication strategy.

In an M&A situation it is not sufficient to look at prior social identification with an organization but to consider communicated strategic intent as this may help protect or build employee strategic commitment to the merger. Conversely lack of communication of strategic intent, or organizational strategic commitment without communication may serve to undermine employee identification with the organization and may adversely affect organizational performance.

Strategic commitment is a dynamic concept and something that is built or undermined during the M&A process. Communications may facilitate commitment to the strategy of the merger going forwards and influence employees positively if delivered in a timely, continuous and coherent fashion. In addition communications delivered throughout the whole M&A process, as a stream, rather than being restricted to a few isolated moments, or a particular stage, are likely to reassure recipients. Viewing communications as a process rather than isolated intermittent missives may prevent (unintended) information shortages that would lead to rumor mongering or information overload; trying to communicate too many issues at once. Continuous rather than intermittent fragmented communications are likely to help build a sense of trust, particularly if they are interactive in nature (Vaara and Tienari 2011).

Research Framework

Guided by the extant literature, and mechanistic perspective of communication theory (Krone, Jablin, and Putnam 1987), we posit that both the process and content/type of

communication play a role in influencing the outcome of the merger. According to Krone et al. (1987), the important facets of the communication process include the amount - frequency and duration of contact – of communication and the message content (for an extensive discussion of the theory see Mohr and Nevin 1990). We focus on corporate communication from head office to the rest of the organization and our aim is not to measure these two facets objectively by counting the length and frequency of each communication, and richness of each communication. Instead we adopt a perceptual approach whereby data is obtained from the participant – receivers and senders- of the communication (c.f. Mohr and Nevin 1990).

The first facet is richness of communication. In line with previous communication research (Riad and Vaara 2011; Riad, Vaara, and Zhang 2012), we use the modality – medium of communication – and type of communication exchanged as proxies for the richness of communication. The medium of communication, defined as ‘the means of communication’, such as face-to-face meetings, e-mail, conferences, matter as there is a hierarchy of richness with more personalized communication having greater effect upon the recipient than impersonal communications (Huber and Daft 1987; Mohr and Nevin 1990; Marmenout 2011). The type of communications matters in a number of ways. Whether communications are open to all or restricted in scope and whether they are uni-directional or interactive, influences perceptions of the recipients. Communications theory argues that rich interactive communications reduces employee uncertainty, unfounded rumours and dysfunctional outcomes (Lengel and Daft 1988; Weber, Tarba and Oberg 2014) and can support M&As through periods of change, providing clarity and direction (Ranft and Lord 2002). Job satisfaction and employee engagement are related to information adequacy i.e. sufficiency and completeness of the information (Zhu et al. 2004). Overall available research suggests that for M&As to succeed, communications need to penetrate throughout the whole

organization and not stop at the management team, with real, relevant and honest content (Angwin 2000) - even if the message is negative, such as job loss. This enables employees to more easily cope with uncertainty and change.

Too little information leads to higher levels of stress and anxiety. Just the act of communicating with employees is sufficient to ease uncertainty and reduce employee's negative feelings (Schweiger and DeNisi 1991). These provide employees with timely and necessary information to justify inescapable changes during the merger process (Bastien 1987; Schweiger and DeNisi 1991; Ranft and Lord 2002), to reduce uncertainty, develop shared understanding, perceived fairness (Ellis, Reus and Lamont 2009) and trust (Stahl and Sitkin 2005; Graebner 2009; Michalenko 2010; Stahl and Sitkin 2010; Stahl et al. 2011; Stahl et al. 2013).

Despite the intuitive appeal of the above line of literature, empirical support for the benefits of communication during the M&A process is limited. Managers may purposefully withhold information to avoid information overload – over-abundance of information – that may overwhelm employees. Given M&As create heightened levels of job insecurity and uncertainty, too much information may be dysfunctional. Managers may also deliberately oversupply information, ‘snowing’, in order to conceal certain messages to recipients or to distract them from the absence of certain information. Richness of communication may also be viewed as a proxy by management for effective communication. However if that communication is not perceived as relevant, reliable or honest (Angwin 2000, 2001), it may not engender positive employee commitment and good organizational outcomes.

The second facet is the process of communication in terms of its timing – as the time frame of actions during M&A are gaining ground as a critical aspect of the process (Angwin 2004, Stahl et al. 2013). Most attention on M&A communications research has compartmentalized

the process into pre- and post- phases, with the majority of contributions focusing upon the post deal integration phase. This focus remains despite repeated calls in the literature (c.f. Shrivastava 1986; Marks and Mirvis 1998; Brahma and Srivastava 2007) for the importance of communicating to employees and other stakeholders as early as possible, in the pre-merger phase. Schweiger and Weber (1989) highlight the fact that employees seek most information in the pre-merger or planning phase but they note this is also a time when it is difficult to provide them with information, particularly for listed companies, as it may undermine the secrecy of a deal. If word of the impending deal gets out, there could be adverse market reaction. Nevertheless it seems important to have continued and repeated communication throughout the M&A process (Napier, Simmons and Stratton 1989). Angwin and Vaara (2005) have argued for the importance of connections throughout the M&A process, and this has been echoed for socio-cultural integration in general (Stahl et al. 2013). Gomes et al. (2013) have argued specifically for researching communications throughout the whole M&A process as a key success factor for M&A outcomes. For this reason it is beneficial to consider communications throughout the process rather than stay within traditional phases.

The effect of the timing of communications is not clear. For instance evidence seems to suggest frequent communication after acquisition is effective in securing employee trust (Nikandrou et al. 2000). Once the deal has closed, managers can use merger announcements effectively as a way of creating a vision and sense of 'the new' to gain employee buy-in (Demers, Giroux and Chreim 2003). This buy-in may be strategic in the sense of committing to the new strategy of the combined organization. This said, one could argue that continuous communication of negative news such as imminent workforce reduction may have a profound negative impact on employees by increasing the sense of threat about the consequences of the merger, bring about a loss of talented employees and consequent brain drain, and may result

in weaker support and commitment for the merger (Greenhalgh 1983). Continuous communication to reinforce the benefits of the merger might cause employees to be suspicious that managers are desperate to show that the merger process is under control. As noted by Mohr and Nevin (1990, p. 37) *“though a minimal amount of contact is necessary to ensure adequate coordination, too much contact can overload organizational members and have dysfunctional consequences”*. If communication is not perceived to be believable or unreliable, continuous repetition may only serve to undermine trust in management and reinforce negative emotions towards the merger. If the communication timing is out of synchrony with the events as they unfold, this might lead to confusion amongst employees and cynicism about the integration process.

By combining the two facets of communication we develop four possible communication approaches (see Figure 1). The first approach is ‘Immersive’, with continuous and rich communication. Firms in this category communicate frequently and use mediums that provide rich information. The second combination is ‘drip-feeding’, that includes firms that communicate continuously but use mediums such as formal reports or press releases that do not provide rich information. The third combination is ‘feast or famine’, which includes firms that do not communicate continuously but use mediums that provide rich information. Finally, the fourth combination, perfunctory, includes firms that do not communicate continuously and use mediums that do not provide rich information.

Figure 1: Interaction between timing and richness of M&A communications

[Insert here]

Research method

Context

The merger wave in the Nigerian banking sector (2005-9) was the biggest M&A boom in the country's history. It was prompted by a change in government regulation through which all banks were required to achieve a minimum threshold of financial strength within an eighteen-month time frame. The consolidation resulted in a loss of 45,000 banking jobs (Fanimo 2006). The close monitoring of the individual banks by the Central Bank ('CBN') resulted in clearly defined outcomes as CBN assessment carried out towards the end of 2009 determined whether they were healthy, would terminate or would pass into Government control. From this data, bank survival as a performance outcome is readily assessed. The massive amount of merger activity proved to be a fertile terrain for our study as out of the 89 existing banks, 70 merged to form 19 banks, 6 remained independent as they did not need to merge to achieve the growth target imposed by the Central Bank, while 13 were liquidated (Chibuike 2004) (see table 1). This study covers all of the 19 merged banks.

Method

This paper's focus upon the importance of communications during M&A arose from earlier work, published elsewhere (Gomes, Angwin, Peters, Mellahi, 2012), which used inductive techniques (Spiggle 1994, 1998), to establish key HRM related themes in the M&A process. From that earlier research, communications emerged as a key theme during the merging of Nigerian Banks. In order to delve further into its importance, this paper has developed a conceptual typology (see figure 1) from the M&A literature, as a basis for further investigating strategic communications and commitment in Nigerian banking mergers.

We adopted a qualitative research design using multiple case studies. This approach has the advantage of overcoming some of the potential limitations of single case methodologies such as the potential bias of misjudging the representativeness of a single event (Tversky and Kahnema, 1986) and biasing estimates due to unconscious anchoring (Jaikumar and Bohn, 1986). Another advantage of the multiple-case approach is that it enables replication logic through systematic analysis of the various merger cases (Eisenhardt and Graebner, 2007; Yin, 2008). This allows the generation of more generalizable and better-grounded results than single case studies (Graebner and Eisenhardt, 2004).

We used semi-structured interviews to collect data. Interviews were conducted in English and lasted between thirty to sixty minutes each. They were tape-recorded where possible and where interviewees objected, detailed field notes were created. A snowballing method was used whereby interviewees identified and put us in touch with further interviewees and organizations. A total of 77 interviews were collected from 62 interviewees as in some cases additional follow-up interviews, totaling 15 additional interviews, were required in order to clarify some points. Interviewees ranged from non-executive directors, former executive directors, principal managers and other managers and staff from different departments both at branch and head office level (see table 2). We purposely collected data from interviewees in different managerial positions to obtain views about communication practices at different levels and from different perspectives instead of views from HR departments. This is consistent with Rees and Edwards' (2009) view, suggesting that interviewing a range of staff from various functions allows for an assessment of the situation from a broader perspective. All participants were reassured of anonymity with the promise that their names would not be attributed to any quotes.

The data covers both pre-and post merger phases as the aim and scope of the paper required an understanding of communication management during both phases of the merger process. Our data are retrospective; interviews took place approximately four years after the merger. This might have the disadvantage of reducing the accuracy of interviewee recall but M&A are extreme events and retrospective interviews may help filter out some of the bewildering thoughts and distress informants may have experienced during the merger process (Leonard-Barton 1990). The fact that we adopted a multiple case study approach also helps to mitigate some of the disadvantages of retrospective data and increase the external validity of the research (Leonard-Barton 1990). Since this study aimed to explore and evaluate the link between communication approaches and M&As outcome, it was important to ensure internal validity. Using the communication typology developed in the literature review, our data could be framed to enable us to better understand relationships between strategic communication (richness and timing), and merger outcome.

In order to assess where merging banks might lie within the typology, the following questions were asked to establish i) the richness of bank communications during the pre- and post merger stages. The methods for communication are listed in order of richness, as suggested by Lengel and Daft (1988) and this question allows for assessment of type, breadth and frequency of communication used.

1. *Did your bank communicate its merger strategy (why the bank merged) to you before the deal took place? Yes/No*
2. *What method(s) were used? (Prompt with ‘general letter, personal email, one-on one conversation with management’). LIST*
3. *Did the communication you have identified happen frequently or not frequently? (the interviewer to tick each one for frequent communication)*

In order to assess the location in time of communications, the same questions were asked again for the post-merger period in order that comparison within case and cross cases could be made. Although simply comparing the raw data on richness and timing would have allowed each case to be located in the typology, the discursive nature of the interviews allowed a richer appreciation of the key concepts of richness and timing for each merger than a single quantitative measure would have allowed. Through close reading of the interview transcripts and cross case comparison, all the mergers could be located in the typology. Interview data could then be drawn upon to illustrate key aspects of strategic communications for each merger in each quadrant of the typology. These are shown in the results section.

To take into account other contextual variables that may be affecting the location of the merged banks on the typology, Table 3 lists the banks along with several key variables that may be having an effect on the relationship between communications and outcomes. The number of banks involved in each merger and the size of the merged banks (by capital base) may create greater complexity for communications so affecting merger outcome. Against each merged bank is its Tier 1 capital just after merger. This is an indicator of a bank's financial health, and robustness for the future. A merged bank in poor financial health may have fewer resources for communications or their communication messages may be influenced more by immediate financial concerns than longer-term strategic issues. Post acquisition integration strategies, such as Assimilation, Novation and Structural Integration (Schweiger et al. 1993) may also affect the nature of communications. The higher the need for integration the higher the degree of change required in organizational culture management systems and HR practices, suggesting different communications practices. Table 3 shows that there are no clear patterns of association between these contextual variables and the communications categories of the typology.

By selecting all mergers in the Nigerian context the effects of National Cultural differences, often the ones which attract most attention in the M&A literature, as well as macro variations in economy, financial markets and regulation and society are controlled for.

Outcomes

M&As outcomes are captured with traditional measures such as organization survival as well as employee commitment to the success of the merger. Organization survival is assessed by whether the Central Bank of Nigeria renewed or withheld a banking license during its review of all banks during 2009. Without a banking license a bank ceased to exist.

Employee commitment to the strategic goals of the merger is assessed through interview data. Organizational identification builds organizational commitment and trust (Kogut and Zander 1996) and this may be associated with achieving strategic goals (e.g., Mowday, Porter, and Steers 1982; Guth and MacMillan 1986). If employees develop a strong bond with the organization they are more likely to stay as well as experience less negative health effects. However organizational commitment research has focused upon the identification of employees with their own job characteristics and role perceptions rather than with the direction and strategy of their organization. Although research has observed how communicating strategic commitment can confer advantages to an organization in competitive situations (Besanko et al. 2004), and there is anecdotal evidence that management demonstrating commitment to an organization in a post-merger situation can induce positive employee reaction (Angwin 2000; Weber and Fried 2011; Weber and Tarba 2011), communicating commitment has not been empirically examined in terms of encouraging positive employee action, and reducing general levels of uncertainty and

disaffection during times of major change such as during an M&A. Appropriate communication of intended strategic commitment may serve to achieve employee buy-in and help align their commitment to the driving purpose of the organization. To assess employee strategic commitment the following questions were asked, first for the pre-merger period and then the post-merger period:

1. *Did the pre/post merger communications from the bank about its strategy make you think positively about the future for the merged bank? – please explain.*
2. *Did the pre/post merger communications make you think positively about your own future with the bank? – please explain.*

The question about the future for the merger was placed first in order that the interviewee considers the organization's future first rather than their own. The second question then allowed a discussion about personal versus organizational commitment. A further question acted as a check.

3. *Overall to what extent would you say that pre/post merger related communications from your bank helped encourage your own commitment to the future of the merged banks?*

Results

Figure 2 shows how each bank merger is located on the communication continuity and richness grid and the outcome associated with each quadrant.

Figure 2: Communication continuity and richness grid

[Insert here]

1. ‘Perfunctory’: lean and intermittent communication

As shown in Figure 2, three banks followed this approach to communications. They were Finbank, Spring and Unity.

Richness of communication

It was not uncommon amongst the Nigerian mergers for some banks to limit themselves to just the mandatory communication required by regulators and to inform only a handful of top managers in advance. This limited scope of communications at Finbank, was manifest in no communications being issued to other employees before the merger; *“there was no formal communication on the pre merger development; most staff members waited to see if the bank would make it by appearing in the newspaper on 31st December 2005”*. As one employee remarked, *“there was no communication at all (pre merger) as everything was done in haste, no time to communicate among staff of the four banks. It was a kind of save our soul approach.”* Several commented that the only information circulating was based on rumors with a great deal of uncertainty amongst employees. This suggests employees at Finbank were not aware of the strategic intent of the merging banks but could only surmise it was due to CBN requirements, as reported in the national

news. As one senior employee remarked ‘ *I can confirm to you that no staff knew where we were going to, and it’s been a struggle since the merger – you come into the office and are not sure what will happen next*’. There was also no communication to bank employees post-merger about merger strategy and post merger integration. Instead there was a general fear that any communications would be about job loss. The only communications were announcing dismissals. As one employee remarked “*the staff were not involved in decisions – the only communications were sack notices*”. Another said that ‘*lack of communication caused fear*’.

The Unity Bank merger was the result of 9 banks coming together. There was some communication to employees through group meetings and line managers and the message was that the deal was happening to enable the bank to meet the CBN capitalization requirements. However due to the number of banks involved in the merger there appears to have been conflicting information circulating informally, which gave rise to uncertainty - “*regionally people knew what was happening but bank wide there was little that employees knew*”.

At Spring Bank a senior executive remarked ‘*the management did not consider communication to be important whatsoever*’. Employees regarded this as a problem and linked it to the bank’s strategic difficulties. As one commented ‘*I wish the bank would consider this communication problem. I do not see the bank standing in the long run*’.

Continuity of communication

At Finbank there were no formal communications of bank strategy either in the pre or post merger period. As one employee put it ‘*the pre-merger uncertainty continued in the post merger period due to the lack of relevant communications and direction*’. At Spring Bank,

lack of communications seemed to be directly related to lack of direction and understanding of what the merger rationale was, apart from the objective to achieve the minimum financial threshold dictated by the CBN. *"Communication (at Spring Bank) was really poor as even senior managers could not tell what actually was going on at some point. Little attention was given to how the newly merged banks were to cooperate and succeed in the future; it was all about getting the N25bn"*. At Spring Bank communications occurred only in the pre-merger phase, suggesting that the deal was viewed purely as a transaction rather than a process to be managed. As the key informant remarked, *"soon after the merger, lack of communication left people in suspense"*.

At Unity Bank there was a similar situation with fragmented communication pre merger and no formal communications post merger about the merger and strategies of the new bank.

Employees were very uncertain about the bank's future and their jobs.

Outcome:

The banks in this group (figure 2) viewed their mergers as transactions – purely the amalgamation of assets in order to satisfy CBN capitalization requirement. They did not appear to believe that communicating this strategic choice to employees was important as communications were either limited to just the mandatory communication to the outside world, or being just for the attention of senior management. They contained the barest minimum of information. In some cases there was no communication at all. In addition there was no continuity of communication with no post- merger communications relating to subsequent integration. This suggests that the banks did not view these mergers as a process to be managed. Employees had no idea of the strategic intent of the merger and great

uncertainty was evident. Without clear communications there was no strategic commitment from employees in these deals.

Figure 2 shows that none of these merged banks communicating in this way survived the process. Their banking licenses were not renewed and the Government acquired them all during August 2009.

2. *'Feast and famine': Rich but intermittent communications*

Figure 2 shows that four banks followed this approach to communications. They were Bank PHB, FCMB, First Bank, and Union.

Richness of communication

All of the banks in this category engaged in very rich communications practices at some point in the merger process. For instance, at First Bank there were rich communications in the pre-merger phase. A range of communications methods, including briefings by the managing director, one-on-one meetings with line managers, group meetings and emails were deployed although the strategic message transmitted was narrow, relating to meeting the CBN capital adequacy requirement. The richness of the messages, through their personalisation, and in the way that senior management explained the strategic options open to the bank, led employees to understand how a stronger bank would be good for their futures. *"The MD gave us the options the bank had and why they picked the one they picked". "The strategy was very clear - a bigger bank is better for my career"*.

At Bank PHB rich communication to all employees of the new direction of the bank took place in the post merger phase. This was enhanced by using a group of independent consultants to engage all members of staff in the new way forward and with the strategic message of where the bank was headed: *“All members of staff have undergone a new induction, everyone started from the same point. Nobody was given the chance to feel better than the other and no one was left behind. A clear cut vision of being one of the best Nigerian banks in the future was the target of the new bank. Staff were seen as stakeholders and treated as such”*.

At FCMB pre-merger communications were lean, being limited to group meetings and conversation with a line manager. But in the post merger phase communications became rich using many channels to reach employees on a continuous basis including personal letter, one-on-one meetings with line managers, group meetings and intranet. Interviewees all noted how this affected their relationship with the bank. *“Post merger communications effectively improved everything – management made us feel important”*. *“It was made clear to all employees that their jobs would not be affected”*. The case of the FCMB merger provides an interesting example of how communication was managed richly, taking into account the African context. In order to minimise rumour, uncertainty and job insecurity, information was disseminated through an interactive communication mechanism called ‘village square’. This mechanism proved to be very effective as it was widely used and *“provided staff the opportunity to express their fears, concerns and opinions and have their questions answered”*. Communication was cascaded down through different media: *“In terms of communication media, this was done on a branch level as information was passed through to the Branch Managers who in turn met with their branch staff and passed information down to*

them. Emails were also sent out to staff informing of new developments...Information was passed across to all staff regarding the banks which we were merging with”.

Continuity of communication

Mergers in this category tended to communicate intermittently. At First Bank, pre-merger communications were rich, including one-to one meetings, group briefings and hearing from the Managing Director, but in the post merger period they ceased. For Bank PHB and FCMB pre merger phase communications were narrow in scope with information restricted to top management. Post merger this scope of communication changed with communications going bank-wide. This was also the case for Union bank, a merger between an old style bank and a much newer bank. At Bank PHB, pre-merger communication *“was first restricted to the management and there was no assurance the merger would work or not”*. After the transaction was completed, in the post merger integration phase, there was rich and regular communication to all employees of the new direction of Bank PHB.

At FCMB pre-merger communication to employees consisted of a simple strategy message which merely mentioned how the merger would allow the organisation to comply with CBN requirements. *“Communication was kept secret at the top management involving only the board of directors and the executive of the four banks”*. The message was not interpreted by employees as a convincing indication of the bank’s future as it did not make them feel positive about the bank or their own position within it. Aware of widespread redundancies in the banking industry at this time they feared for their jobs *“I initially thought we were going to be sacked as was happening in other banks”*. However post merger there was significant amounts of rich communication, using many channels to reach employees on a continuous

basis including personal letter, one-on-one meetings with line managers, group meetings, the interactive village square technique and intranet . *“The communication gap (between pre and post merger phases) was reduced in the post merger since intra-mails were used to communicate to all members of staff having harmonised the system”*. Interviewees all noted how this improved their relationship with the bank – *‘post merger communications improved everything as management made us feel important’*.

At First Bank rich communications were used in the pre merger phase but not followed up in the post merger phase. The absence of communications post deal was interpreted negatively by employees with one remarking *“the lack of communications meant I felt I didn’t belong”*.

Outcome

For these banks, when rich communications were used, they had a positive affect upon the commitment of employees to the overall goals of the organization. In the case of FCMB pre-merger minimalist communications unsettled employees, but the major push for far more extensive and personal communications about the strategy of the merger post deal had a very positive effect upon employee views of the future of the bank, their position in it and their commitment to the organization. This was also the case for Bank PHB and Union Bank. At First Bank rich frequent communications were used in the pre merger period explaining clearly the bank’s strategy for the merger and this was reflected positively in employee commitment to bank strategy and their position within the firm. However post deal lack of communications had a destabilizing effect with employees beginning to be less positive about the bank’s future and their strategic commitment. Whilst rich communications had a positive

effect upon employee strategic commitment, the intermittent use of communications undermined this effect.

Despite late improvement in communicating strategic intent in Bank PHD and Union banks, these banks were taken over by the government in August 2009 (see figure 2). First Bank and FCMB were given a clean bill of health.

3. *'Drip feeding': Lean but continuous communications*

Figure 2 shows two banks followed this approach to communications. They were Intercontinental and Wema banks.

Richness

In the case of Wema Bank, this was a merger between three amalgamated banks from the same region. The backgrounds of the banks were assumed to be similar *"all the banks were from the west and having a similar background"*. It may be for this reason that communications were lean and few in number; *"general knowledge of the merger event was obvious but the process was kept secret at the top causing a lot of uncertainty and fear in the bank"*. *'There were a lot of rumours but not much official information'*.

At Intercontinental Bank there was modest strategy communications about the purpose of the merger pre-deal using the bank's intranet. There were numerous emails and group meetings. The messages were detailed about the strategy for the new bank but employees received them with some skepticism. As one interviewee remarked *'The communications (pre-merger) made us think positively about the future of the bank, based on what was communicated, but*

most of the times what was communicated was different from what was actually happening because they tried to conceal the actual facts so as not to cause panic". The lack of believable content together with the tone of emails being harsh meant that employees were somewhat skeptical about the merger. Communications became a little richer in the post merger phase with group meetings and one-on-one with line managers and this served to reduce fears to a certain extent "*The communications allayed our fears but we were not sure if they were true or they were just trying to cover up*". "*The tone of the mails they sent was usually harsh and they kept saying that a lot of staff would be sacked*". The message of strategic restructuring leading directly to job loss weighed heavily on employee minds throughout the merger process.

Continuity

At Wema Bank there were few communications although they were drip-fed throughout the whole M&A process. Employees felt that everything was being kept secret at the top levels of the company and very limited, high level communications gave little to employees about the future strategy of the bank.

At Intercontinental Bank there was modest but continuous strategy communications about the purpose of the merger pre-deal using the bank's intranet. Communications continued into the post merger phase and this served to allay fears to a certain extent

Outcome

In both of these bank mergers communications were lean but continuous. There was a hunger for information about the strategy of the merger but little was revealed. At Intercontinental Bank more information was communicated but here the problem was one of believability. In both cases strategic commitment from employees was low. Lack of communication and for

Intercontinental Bank lack of plausibility led to fear, uncertainty and lack of commitment to bank strategy.

Figure 2 shows that the outcomes for the mergers in this category were mixed. Amongst our examples, Wema Bank survived but Intercontinental Bank's banking license was not renewed.

4. 'Immersive': Rich and continuous communications

Figure 2 shows that seven banks followed this approach to communication. They were Access, Diamond, Fidelity, IBTC, Sterling, Skye, and UBA.

Richness

All of these banks used a wide variety of communications methods to engender strategic commitment. For instance in the Sterling Bank merger "*the whole eighteen months (pre acquisition) were dedicated to understanding each other, as consultants took over the formal merger processes and legalities*". Similarly, in the Fidelity Bank merger "*joint seminars in the process of the merger were conducted to familiarize with each other*". At Skye Bank there was "*an intra-net through which it communicated to employees; staff could always drop in their inquiries which would receive response within 24 hours. Bank updates were also available every day*". At Diamond Bank communications were delivered at town halls, through emails, newsletters, discussions with line managers and regular meetings after work.

At IBTC bank there was very rich communication in the pre-merger stage including frequent personal letters, personal emails, one-on-one conversations with line managers, group

meetings, general emails and intranet. These set out all the intended benefits of the merger strategy which included explaining how the merger would enable the bank to compete more effectively against rivals, would enhance its financial strength and profitability and offer better job security for employees. These made employees feel positive about the future of the bank and also for themselves within the organization. They viewed the merger in positive terms and perceived it as *“an opportunity for personal growth and to gain greater experience”*. Communications mechanisms allowed two-way interaction which had a very positive effect on employees sense of engagement and commitment. *“We were always given an opportunity to contribute through a message pool centre”*. This had the effect of allowing *“everyone to be made to see himself as part of the decision making”*.

At UBA bank a similarly wide range of communications channels were used from the beginning conveying in detail the strategy of the bank in the merger, for meeting the CBN requirements as well as improving competitive position in its markets and enhancing the banks ability to internationalize. The bank engaged in similar communications methods to those mentioned above but also took out ‘advertorials’ in the most widely read newspapers and ran a series of luncheons to convey the synergy potentials of the merger to a wide range of stakeholders. For employees, *“the communication expressed in details the various value additions to the Merger which made me think positively about the Bank’s future “*. For instance the communications went far beyond just rehearsing the need for reserves to exceed the CBN capitalization requirement, by explaining why the management would be strong and resilient, their investment philosophy, how geographic spread would be improved, how information technology would give a real advantage in the market place, how costs could be reduced and how branding would be improved. Employees felt more positive about the bank: *‘it was obvious the new bank will have a competitive advantage with their size and brand*

name". The merger would *"bring fresh ideas and new business development to sustain the existing legacy"*. *"The communications created a feeling of possible growth and development"*. *"The communication was enough to make me think positively about the bank mainly because of the growth potentials inherent in the merger"*. Another interviewee perceived the bank's future as good for jobs: *"The banks future looked/appeared so strong and rosy that it will take a fool to want to opt out"*. Linked with these announcements was a training programme that *"made my future feel bright"*. In commenting on whether communications from the bank encourage employee commitment, one respondent said *"the bank appreciates you in communications for everything you do, so you will want to do more for your organization"*. Another also commented on the success with which the bank communicated its strategy and also commented on this being linked with appropriate incentives. *"The bank communicated its new vision, focus and drive. And there was a benchmark to reward on performance appraisal"*. *"My bank is very good at communicating and advises all people to read mails and attend meetings/training"*.

Diamond bank also used rich communications with the Chairman of the Bank sending out a personal letter explaining in detail how the merger would add to the competitive strength of the bank in its markets, allow it to meet CBN requirements, improve profitability and also give employees job security. This was followed up with group meetings, one-on-one meetings with line managers and intranet messages. As one employee remarked, *"the messages were convincing and looked possible. The future of the bank looked bright and I wanted to be part of it"*. The Bank also put resources into employee training. These actions were valued by employees who commented that, *"concern for my welfare increased my commitment to this bank and I am not regretting working here"*.

In the three-bank merger to form Access Bank, pre-merger the strategy for the bank was communicated clearly to all employees through a personal letter, group meetings, one-on-one meetings with line managers, and general emails. These showed how the deal would improve financial strength, build competitive position, meet CBN requirements and help internationalization. No promises were made about employment. Employees remarked that preparations for the merger were made early and pursued vigorously and everyone was engaged: *“nothing was hidden from anybody, therefore we felt very much as a stakeholder”*.

Continuity

All of these banks communicated continuously throughout the merger process. At Skye Bank, *“the bank kept communicating to employees regularly”*. At Sterling Bank *“information on the progressive work of the consultants and management decisions were communicated on a regular basis through the bank's formal channels for the whole period”*. The bank's intranet was available throughout the merger allowing interactive communication with quick response times. At IBTC bank communications mechanisms allowed two-way interaction throughout the merger process, which had a very positive effect on employees' sense of engagement and commitment. *“We were always given an opportunity to contribute through a message pool centre”*. At UBA bank rich communications ran through the whole merger process. *“We had communications flowing perfectly: nothing took us by surprise”*. *“I was prepared for the future hence I felt I belonged”*. In addition to the communications channels mentioned above, there were also open sessions at weekends to allow staff to ask any questions they wanted, and a 24/7 help desk for immediate response. The communication was both continuous and consistent throughout. Diamond bank also used continuous

communication, which was valued by employees. As one commented, “*regular communication and also concern for my welfare increased my commitment to this bank*”.

Outcome

What is noticeable amongst all the banks in this group is that they all communicated richly throughout the whole merger process. Richness was not only in terms of depth and scope of messages but also that the communications were interactive, enabling employees to engage in the communication process themselves. This helped build credibility for the messages being received. With communications running throughout the merger process it also shows management view the mergers as an ongoing process requiring management, rather than a transaction, which is completed once the deal is signed. Another distinctive feature of this group of banks is that they were all subsequently cleared as healthy by the central bank in August 2009.

Discussion

The primary aim of this study was to unpack the communication process during M&As to gain a better understanding of the link between communication strategies and M&A outcomes. Research has long pointed to the importance of communication as a key ingredient of M&As success. However, it stops short of addressing how, and what approach to, communication influences M&A outcomes. To close this gap, in this study we explored the link between four communication approaches and M&A outcomes. Toward this end, we examined the link between the process of communication, captured by communication

timing, and content of communication, captured by richness of the communication, and mergers' outcomes captured by employee commitment and mergers' survival. We identified four communication approaches namely: *feast and famine* (rich but intermittent communication), *immersive* (rich and continuous), *perfunctory* (lean and intermittent), and *drip-feeding* (lean but continuous) (see figure 2). Using data collected from all the population of M&As in the Nigerian banking sector, we examined the link between the four communication approaches throughout the whole merger process and outcomes in terms of employee commitment and merger survival.

The case studies reveal great variations between communication approaches and mergers' outcomes. In particular, our analysis suggests that mergers are likely to survive when organizations follow an *immersive* approach – rich and continuous communication throughout the merger process. All the seven banks that followed this approach survived and had high level of employee commitment to the merger. This is understandable. Our analysis shows that banks that followed this approach were successful in conveying information regarding the merger and constructing meaning in terms what the merger means to employees. Richness and continuousness of communication enabled managers to galvanize support for the merger. Also, managers reported that employees were able to understand the rationale for the merger and this led to high employee commitment to it, which in turn contributed to merger success. In brief, our results suggest that mergers performance will be improved when continuous communication is matched to communication richness. In contrast, the three banks that followed the *perfunctory* approach – lean and intermittent communication - had low employee commitment and the mergers were dissolved. This finding reinforces the well-established conventional wisdom that lack of communication is an important cause of mergers' failure.

Overall our analysis indicates that communications are more effective when they are continuous and personal, helping to build individual commitment to the organization's strategy. Increasing the richness of communications, employing multiple media and interactivity to improve their reflexiveness, is more likely to increase the receptiveness of recipients to strategy messages. Strategy communications throughout the process using a rich array of dissemination approaches are more likely to impart believable and trustworthy messages than communications that are less rich in nature (Lengel and Daft 1988; Angwin 2000; Weber, Tarba and Oberg 2014). Communications, which are inaccurate, impersonal, conflicting and delivered intermittently through just one or a few medium, are likely to excite the opposite reaction and erode employee commitment to the strategy of the organization.

For the other two approaches - perfunctory (lean and intermittent), and drip-feeding (lean but continuous)- the picture is less clear. Only one of the two banks that followed the drip-feeding approach survived. Similarly, two of the four banks that followed the intermittent approach survived. Our data do not allow us to draw any strong conclusions and inferences as to the link between mixed (rich but not continuous or continuous but not rich) approaches of communication and merger's outcomes. This indicates that perhaps no one aspect of communication is inherently superior to the other. Both process and content of communication, matter. We posit cautiously that the richness and continuousness of communication are not substitutes but compliments. For instance, continuous communication of lean (not rich) information is unlikely to help the organization make meaning of what is being communicated. To create meaning and shared understanding of the merger, communication should be rich but also communicated continuously throughout the merger process. The constant drip feed of poor information may not only undermine confidence in the merger but may also create confusion if recipients fail to interpret the information and

construct meaning of the merger. Indeed a perceived insufficiency of information may also excite a dysfunctional rumour mill to fill an information vacuum. Similarly our analysis suggests that a strategy of flood and drought of information produces mixed results. In instances where merging banks started out with poor communications such as Bank PHB, but subsequently improved their richness the bank still failed.

It appears that good strategic communications are not just about getting strategic commitment from employees but also indicate whether top management are fully coherent in their understanding of their strategy. For instance in some of the failed deals it would seem that top management were only engaging in a knee jerk reaction to the requirements of CBN, and so had no other strategy than to comply in order to get their licence. That is, the communication approach adopted may reflect top management's overall management of the merger. For instance, lack of communication may be a symptom of management incapability of articulating the rational basis for the merger.

The findings of this study have several implications for theory and practice. Firstly, our results have revealed previously unappreciated aspects of communications strategies during M&As. The unpacking of the communication process into four archetypes shows that the association between communication and M&A performance is contingent upon the approach adopted by the firm. Specifically, and perhaps expectedly, inappropriate communication process or content is likely to lead to M&A failure. Also, alignment of, or fit between, the communication process and content are likely to enhance M&A performance. Our findings suggest that research should shift away from approaching communication "broadly defined" towards a contingent approach taking into consideration both the process and content of communication.

Secondly our paper has created a **typology** - noteworthy as a response to Delbridge and Fiss's observations as editors of AMR, that there is a decline in typologies, even though they '*present a particularly attractive form of theorizing*' (2013:329). Snow and David Ketchen (AMR (2014) 39 (2)) argue that organization sciences would benefit from a renewed emphasis on typology driven theorizing. In our paper we have developed a typology that orders heterogeneous elements into distinct groupings (Tiryakian 1968). It is beneficial as a systematic ordering of a phenomenon's core elements as it provides the initial building blocks of theory development (Snow and Ketchen 2014). Our typology can be considered valuable, as it is comprehensive and mutually exclusive, with dimensions that can be reliably measured going forwards (Snow and Ketchen 2014). So the typology adds to the M&A literature (see Angwin 2012 for a review of M&A typologies) and the M&A communications literature in particular by providing description and prediction of communications. By establishing this typology theorizing may occur in terms of why firms might choose to deploy one type of communications strategy versus another. The typology might be classified as a 'Qualifier' in Colquitt and Zapata-Phelan's (2007) taxonomy of theoretical contributions for empirical studies as it grounds predictions with existing conceptual arguments and qualifies previously established relationships – that there is not a one-size-fits-all for communications practices.

Thirdly, for practicing managers, our results have two implications. For an M&A to succeed, the 'practice' of communications matters (Angwin 2007b) as managers need to develop an appropriate communication strategy and allocate sufficient time to implement it. Managers need to invest in communicating throughout the M&A process using appropriate communication channels and tools to be able sell the benefits of the M&A to employees and

bring them on board. Also, the process and content of communication are compliments and therefore can cancel each other if they are not aligned. Thus, managers need to align the process and content of communication to enhance the likelihood of M&A success.

This study has several limitations. Although our multiple case study method has been effective in providing new insights into the process and content of communication and M&A outcome, it has two key limitations. First, the large number of cases did not allow us to gain rich in-depth knowledge of communication strategies during the M&A. Future longitudinal research focusing on a single case, or a small number of cases, to analyze employees' experiences with, and reactions to, to specific communication strategies are highly warranted. Second, our study is conducted in a specific institutional and industrial context. Nonetheless, our study provides a basis for future scholars to test our findings using firm level surveys in other industrial and institutional contexts.

Conclusion

This paper is distinctive in being the first to examine the effects of communications practices in African M&A and adds to a nascent literature on this topic in an African, developing economy, context. It confirms the importance of communication practices in M&A and extends earlier findings on the importance of communication in post acquisition integration in US and European contexts.

The findings presented in the paper show great variety amongst Nigerian Banks in deployment of their communications about the strategy for their merged organizations. Recognizing the complexity of M&A as a change context (Haspeslagh and Jemison 1991), this paper proposes a new communication typology that acknowledges that there can be

different communications strategies for merging banks and these may affect merger outcomes. This addresses a previously under appreciated aspect of communications in merger contexts that an association between employee commitment to the organization and merger performance may be contingent upon different ways in which strategic communications may be conducted. This may have practical implications for HR communications practices. These may need to be more flexible in their application to a wide variety of employees working across merging firms as they may help in the formation of socio-cultural interfirm linkages in M&As (Sarala et al. 2014). Appropriate communications strategy that allow sufficient time for implementation, will be important to allow positive post merger effects and to reduce the well-documented negative effects on employee psychology and behavior.

Overall the results predict that communications are more effective when used throughout the whole M&A process. In line with prior research, richness of communications also helps to build employee commitment to the organization. In Nigeria communications clearly play a key role when exercised in a timely, appropriate and continuous way through multiple media. Excellent strategic communications can act to overcome the effects of merger uncertainty, intercompany / inter-regional differences and help achieve employee commitment to merger strategy. Cautiously we suggest that richness and continuity of communications are not substitutes for one another, as merger outcomes for a preponderance of one or the other were mixed.

Although this paper has focused upon the link between employee commitment to merging banks and strategy communications, there may also be a link with top managements' understanding of their strategy. Where mergers failed it seemed that top management were only acting in response to requirements from the Central Bank of Nigeria and this did not translate into anything more than a transaction for the bank, rather than a new strategic

direction which needed to be managed and communicated. Strategic communications, and indeed their pattern, including absence, may also be an indicator of top managements' actual understanding of their bank's strategic situation.

Our study highlightes several avenues for further research. Our typology has highlighted different communication approaches in mergers, and future research could explore in more detail the reasons why different communications styles are deployed. The study has also identified different outcomes of different communications approaches and future research could examine the efficacy of specific communication approaches, or communications configurations for different merger outcomes. Finally this paper has revealed the importance of a dynamic in communications patterns throughout the merger process. Further research may provide a more nuanced understanding of how merger communications change over time and their effect upon recipients.

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		Communication Timing	
		Intermittent	Continuous
Communication Richness	High	Feast and famine <i>Rich but intermittent</i>	Immersive <i>Rich and continuous</i>
	Low	Perfunctory <i>Lean and intermittent</i>	Drip - feeding <i>Lean but continuous</i>

Figure 1. Interaction between timing and richness of M&A communications.

Communication Continuity

		Intermittent	Continuous
Communication	High	<u>Feast or Famine</u> Bank PhB x FCMB ✓ First ✓ Union x <i>Some strategic Commitment</i>	<u>Immersive</u> Access ✓ Diamond ✓ Fidelity ✓ IBTC ✓ Sterling ✓ Skye ✓ UBA ✓ <i>High strategic Commitment</i>
	Low	<u>Perfunctory</u> Finbank x Spring x Unity x <i>No strategic commitment</i>	<u>Drip-feeding</u> Intercontinental x Wema ✓ <i>Poor strategic commitment</i>

Note: Afri Bank, ETB and Oceanic Bank omitted due to insufficient communication data.

Key:

Re-licensing Outcome: ✓ Banking license renewed; x banking license withheld.

Figure 2. Communication continuity and richness grid.

Table 1. State of consolidated banks and acquisition group's capital base as on 31 December 2005.

<i>Name of bank and acquisition group</i>	<i>Numbers of merged banks</i>	<i>Capital base (in billion)</i>
Access Bank: Access Bank; Capital Bank; Int'l; Marina Bank	3	28
Afri Bank: Afribank Int'l (Merchant) Bank; Afribank of Nigeria	2	29
Diamond Bank: Africa Int'l Bank; Diamond Bank; Lion Bank; Prudent Bank; Reliance Bank	5	33.25
Ecobank Nigeria: Did not merge and therefore was not included in this study	0	25+
Equitorial Trust Bank: Devcom Bank; Equatorial Trust Bank	2	26.5
Fidelity Bank: Fidelity Bank; FSB Int'l; Manny Bank	3	29
First Bank of Nigeria Plc: FBN (Merchant Bankers) Ltd; First Bank of Nigeria; MBC Int'l Bank; NBM Bank Ltd; Trust Bank of Africa	5	44.67
First City Monument Bank: Co-operative Development Bank; MIDAS Merchant Bank; Nigeria-America Merchant Bank; First City Monument Bank	4	30
First Inland Bank Plc: First Atlantic Bank; Int'l Merchant Bank (IMB); Inland Bank; NUB	4	30
Guaranty Trust Bank Plc: Did not merge and therefore was not included in this study	0	34
Platinum-Habib Bank Plc: Habib Nigeria Bank; Platinum Bank	2	25
IBTC Chartered Bank Plc: Chartered Bank; IBTC Ltd; Regent Bank	3	35
Intercontinental Bank Plc: Equity Bank of Nigeria; Gateway Bank of Nigeria; Global Bank; Intercontinental Bank	4	51
NIB Ltd (Citi Group): Did not merge and therefore was not included in this study	0	25
Oceanic Bank Int'l: International Trust Bank; Oceanic Bank	2	31
Skye Bank: Bond Bank; Cooperative Bank; EIB Int'l Bank	3	37.7
Spring Bank Plc: ACB Int'l Bank; Citizen Bank Int'l; Fountain Trust Bank; Guardian Express Bank; Omega Bank; Trans Int'l Bank	6	27
Stanbic Bank Nigeria Ltd: Did not merge and therefore was not included in this study	0	25
Standard Chartered Bank: Did not merge and therefore was not included in this study	0	26
Sterling Bank Plc: Indo-Nigeria. Bank; Magnum Trust Bank; Trust Bank of Africa; NAL Bank	4	25
Union Bank: Union Bank Plc, Union Merchant Bank; Universal Trust Bank	3	58
United Bank of Africa: Continental Trust Bank; Standard Trust Bank; United Bank of Africa	3	50
Unity Bank: Bank of the North; Centrepoint Bank; First Interstate Bank; Intercity Bank; New Africa Bank; NNB Int'l Bank; Pacific Bank; Societe Bancaire Nig. Bank; Tropical Commerce Bank	9	30
Wema Bank: National Bank of Nigeria; Wema Bank	2	35
Zenith Bank: Did not merge and therefore was not included in this study	0	38

Source: Derived from Central Bank of Nigeria (2006).

Table 2. Interviewees.

<i>Bank</i>	<i>Interviewee</i>	<i>Employment position</i>	<i>Date</i>
FCMB	Interviewee 19	Head of retail banking	18/12/2009
	Interviewee 1	Branch staff	18/12/2009
	Interviewee 20	Branch head of operations	22/07/2010
	Interviewee 37	Regional manager	13/10/2011
	Interviewee 38	Area executive north 1	13/10/2011
	Interviewee 61	Group head operations	28/09/2012
ETB	Interviewee 21	Marketing officer	16/12/2009
			06/07/2010
	Interviewee 2	Retail leader	18/12/2009
UBA			23/08/2012
	Interviewee 58	Anonymous staff	23/08/2012
	Interviewee 3	Investment banker	14/12/2009
	Interviewee 22	Branch manager	14/12/2009
			02/11/2011
			29/09/2012
Bank PHB	Interviewee 23	Former general manager	27/05/2010
	Interviewee 36	Manager – insurance subsidiary	11/01/2012
			(26/06/12)
	Interviewee 51	Head of operations	26/06/2012
	Interviewee 53	Branch staff	11/07/2012
	Interviewee 54	Banking officer	25/06/2012
	Interviewee 24	Branch auditor	21/12/2009
	Interviewee 25	HR manager	09/07/2010
	Interviewee 48	Principal manager public sector	10/10/2011
Diamond Bank	Interviewee 49	Head of operations	10/10/2011
			18/09/2012
	Interviewee 4	Branch staff	15/12/2009
	Interviewee 26	Former executive director	19/12/2009
Access Bank	Interviewee 42	Executive director branch development	12/10/2011
	Interviewee 43	Regional manager	12/10/2011
			22/08/2012
			24/08/2012
	Interviewee 57	Anonymous staff	22/08/2012
	Interviewee 27	North-east HR manager	09/07/2010
Unity Bank	Interviewee 28	Branch manager	22/12/2009
	Interviewee 5	HR dept	22/12/2009
	Interviewee 29	HR deputy manager, staff welfare unit	08/07/2010
Union Bank	Interviewee 62	Head cash management	28/09/2012
	Interviewee 6	Head office staff	17/12/2009
Sterling Bank			26/08/2012
	Interviewee 7	Financial control unit	17/12/2009
	Interviewee 8	IT department	28/12/2009
Skye Bank	Interviewee 9	International operations	28/12/2009
			22/08/2012
Spring Bank	Interviewee 56	Anonymous staff	22/08/2012
	Interviewee 30	Public sector dept	27/12/2009
IBTC-Chartered	Interviewee 31	Head customer service	27/12/2009
	Interviewee 10	Clearing staff	23/12/2009
IBTC-Chartered	Interviewee 46	Area executive north	11/10/2011
	Interviewee 47	Branch manager	11/10/2011
	Interviewee 11	Inspection (Sept.)	23/12/2009
			28/09/2012

(Continued)

Table 2 – *continued*

<i>Bank</i>	<i>Interviewee</i>	<i>Employment position</i>	<i>Date</i>
Fidelity	Interviewee 32	Retail marketer	24/12/2009
	Interviewee 39	Group head operations	13/10/2011
	Interviewee 40	Head e-banking	13/10/2011
	Interviewee 41	Head of training HR division	12/10/2011
Finbank ^a	Interviewee 33	Deputy operations manager	18/12/2009
	Interviewee 12	Operations staff	18/12/2009
			24/08/2012
			28/08/2012
	Interviewee 34	Regional manager north	18/12/2009
	Interviewee 35	Head office staff in HR department	09/07/2010
	Interviewee 44	Deputy manager risk asset	11/10/2011
	Interviewee 45	Head public sector	11/10/2011
	Interviewee 55	Anonymous staff	24/08/2012
ICB	Interviewee 13	Branch staff	14/12/2009
	Interviewee 52	Branch staff	02/07/2012
First Bank	Interviewee 14	Auditor	22/12/2009
	Interviewee 50	Senior executive	10/06/2012
Afri Bank	Interviewee 36	Principal manger	16/12/2009
Wema Bank	Interviewee 15	Public sector	19/12/2009
	Interviewee 16	Head office	19/12/2009
			23/08/2012
Oceanic Bank	Interviewee 59	Anonymous staff	23/08/2012
	Interviewee 17	Branch staff	16/12/2009
			24/08/2012
	Interviewee 18	Clearing unit	16/12/2009
	Interviewee 60	Anonymous staff	24/08/2012

^a First Atlantic Bank, Inland Bank, IMB Bank and NUB International Bank: The combination of these four names resulted in Finbank.

Table 3. Contextual data for merged banks by typology quadrant.

	<i>Merged bank</i>	<i>Numbers of banks merged</i>	<i>Capital base at time of merger</i>	<i>Ranking of Tier 1 capital^a end of merger year</i>	<i>Post-acquisition integration strategy^b</i>
Feast or famine	Bank PhB	2	N25bn	15th	Structural
	FCMB	4	N30bn	16th	Assimilation
	First	5	N45bn	1st	Assimilation
	Union	3	N58bn	2nd	Assimilation
Perfunctory	Finbank	4	N30bn	8th	Structural
	Spring	6	N27bn	9th	Novation
	Unity	9	N30bn	14th	Novation
Immersive	Access	3	N28bn	12th	Assimilation
	Diamond	5	N33bn	4th	Assimilation
	Fidelity	3	N29bn	13th	Assimilation
	IBTC	4	N35bn	6th	Structural
	Sterling	4	N25bn,	10th	Novation
	Skye	3	N38bn	11 th	Novation
	UBA	3	N50bn	3rd	Assimilation
Drip-feeding	Intercontinental	4	N51bn	5th	Assimilation
	Wema	2	N35bn	7th	Novation

^a Tier 1 Capital ranking is an industry specific indicator of financial robustness.

^b Post-acquisition integration strategies (Schweiger et al., 1993).