ABSTRACT

This research seeks to better understand employee sensemaking and leader sensegiving in the context of large scale organizational changes such as mergers. In particular, the research investigates the main characteristic(s) of the employee sensemaking process, the key factors that influence employees’ interpretation of uncertain and ambiguous situations, distinguishing characteristic(s) of the leader sensemaking process, and effective leader sensegiving tactics. In order to fulfil these objectives, a case study research strategy is adopted in this study. Specifically, this research explores the employee sensemaking and leader sensegiving processes in the context of the recent merger of two Icelandic banks, namely, Íslandsbanki and Byr Savings Banks. Data is collected from a small sample of employees and middle managers of the post-merger organization who had experienced the uncertain and ambiguous situations that existed prior to and after the announcement of the merger. Consistent with the interpretive research philosophy that guides this research, the narrative interview method was chosen for data collection. The research findings reveal that employee sensemaking is an evolutionary process that comprises of three distinct stages, namely, noticing and bracketing, selection, and retention. With respect to leader sensemaking, the research findings reveal that leaders’ sensemaking is more advanced than that of employees’ sensemaking as the former has the ability to reflect while in the midst of action, while the latter utilizes reflection-on-action. This study also shows that employees’ retrospective memory of personal experiences and experiences of facing an organizational merger, and middle managers’ sensegiving tactics have the most significant influence on employees’ interpretation of uncertain and ambiguous situations that arise as a result of mergers. In line, the study shows that both discursive and symbolic tactics are crucial for effective leader sensegiving.
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I. INTRODUCTION

1.1 Research Background

The increasingly dynamic and complex business environment requires that organizations today become more flexible and resilient in order to adapt successfully to their changing environment and in turn achieve sustainable competitive advantage (Schoemer, 2009). This then means that change is increasingly becoming an inevitable part of organizational life. Associated with the success of organizational change initiatives are the organizational activities of employee sensemaking and leader sensegiving (Weick, 1995).

Sensemaking affects how employees interpret confusing and surprising change situations, and respond to it (Weick, 1995). Effective sensemaking enables employees to create and maintain coherent understandings of the situation, which in turn motivates them to support the organization’s change initiative, be committed to it and even positively influence the thought process of other employees trying to make sense of the same change situation (Weick, 1993). On the other hand, interpreting the change situation as negative can lead to negative employee behaviors such as resisting the change, lowered performance levels, negatively influencing those around them and so on (Isabella, 1990). Tied with the concept of employee sensemaking is that of leader sensegiving. Many previous researches have theorized the role of leadership in helping employees make sense of change situations (Balogun and Johnson, 2004). However, these previous researches, for the major part, have focused on the strategic role of senior leaders / managers in the formulation and implementation of strategic change, while very little is known about how middle managers influence change recipients (ibid). Understanding the sensegiving capabilities of middle managers is especially crucial in large organizations, considering that these organizations are becoming increasingly geographically distributed, with senior management’s role being limited to laying down of the strategic direction, and middle managers being made responsible for influencing the transition of employees (Buchanan, 2008). Also, it is important to note that middle managers lack the formal authority and involvement of senior managers in the formulation of strategic change; hence they are as much the recipients of change as employees (Maitlis, 2005). The current trends in large organizations clearly make it essential to extend research on the role of leadership in change management to middle managers. This is highlighted by Maitlis and Lawarence (2007) as well, according to whom; more research is needed to...
understand how middle managers interpret change situations themselves and how they influence employees to adapt to the change.

The purpose of this research is therefore to explore employee sensemaking and leader sensegiving in the context of a large scale organizational change. For the purposes of this research, the term ‘leader’ will be used synonymously with ‘middle managers’. Specifically, this research will analyze the cognitive processes and actions of leaders and employees prior to and following the recent merger of two Icelandic banks - Byr Savings Bank and Íslandsbanki - in an attempt to understand how employees make sense and how leaders give sense when faced with uncertain and ambiguous situations. Of particular interest are the main characteristic(s) of the employee sensemaking process, the main factors that influence effective employee sensemaking, the distinguishing characteristics of leader sensemaking, and effective leader sensegiving tactics. It should be noted that the goal of this research is not to empirically verify existing theories related to employee sensemaking or leader sensegiving, but to elaborate the existing theories related to these concepts.

1.2 Research Aim and Objectives

The overall aim of this research is to explore the following:

*How do employees make sense of uncertain and ambiguous situations that arise in the context of mergers and how leaders give sense to employees?*

In order to provide guidance with respect to the way in which this research should be conducted so as to be able to fulfil the research aim effectively, two primary research objectives have been formulated. The research objectives follow directly from the research aim, however, by posing these separate objectives a more accurate picture can be obtained of what this research entails. The research objectives are:

(1) *To understand the employee sensemaking process prior to and post the merger of Íslandsbanki and Byr Savings Bank.*
This objective requires investigating the main characteristics of the employee sensemaking process and the factors that influence employee sensemaking.

(2) To understand the leader sensegiving process prior to and post the merger of Íslandsbanki and Byr Savings Bank.

This objective requires investigating the main difference(s) in the sensemaking process of leaders and employees, and the most effective leader sensegiving tactics for positively influencing employees’ interpretation of the change situation.

1.3 Research Rationale

Many previous researchers have suggested that organizational changes can become successful only if employees are able to adapt to new situations and conditions by making sense of the situational changes in a productive manner (Rouleau and Balogun, 2011). The relevance and importance of this investigation stems from the fact that despite the significance of the behavior of human resources for the success of large scale organizational changes such as mergers, very few previous researches have focused on the cognitive processes and actions of the human capital (Vaara, 2003). When examining the challenges for the success of mergers, previous researches, for the major part, have instead focused on the economic and operational issues associated with mergers (ibid). Clearly, there is a significant gap in existing research with respect to the study of human resources in the context of mergers and this research aims at addressing this gap.

Furthermore, even among the few researches that have explored human resources in the context of organizational changes, majority have focused on the role of senior leadership in change management, as highlighted in section 1.1 (Birkinshaw, Batenburg and Murray, 2002). From the perspective of organizational change literature, there is a need to move beyond attempting to confirm or deny existing theories about senior leadership in the success of change initiatives, and make an incursion into the realm of practice, where flesh and bone employees and middle managers make sense of the change, and middle managers help their employees perceive the
changes favorably (Bologun and Johnson, 2005; Rouleau and Balogun, 2011). By attempting to identify and construct accurate knowledge that explains how employees understand and respond to organizational change situations, and how middle managers influence employees’ sensemaking – a research area that not many researchers have explored previously – clearly, this research is significant from an academic point of view.

Furthermore, in a globalized corporate world, in which more and more companies are engaging in merger activities as a way to survive and to remain competitive (Marmenout, 2010), there is a growing need to study the ways in which employee sensemaking and leader sensegiving takes place; from a practical point of view. More precisely, understanding the way in which major organizational changes affect employees and their ways of interpreting the uncertain and ambiguous situations, and how leaders can help employees make sense of these is fundamental for the success of change initiatives. As the findings of this research can serve as a set of possible guiding principles for companies to take into account when going through a process of merger, clearly this research has practical implications as well.

1.4 Structure of the Thesis

This chapter established the purpose of this study and the rationale for conducting this research. The specific aims and objectives of the study were also highlighted in this chapter. In the following chapter, the methodology that was used in this research for fulfilling the research aim and objectives is discussed (Chapter 2). In Chapter 3, a comprehensive review of existing theories on mergers and the concepts of sensemaking and sensegiving are presented. Once the methodological and theoretical concerns have been explored, the paper proceeds to presenting the key findings generated from the analysis of the qualitative data collected for this study (Chapter 4), after which a discussion of the results is provided (Chapter 5). The paper concludes with Chapter 5, in which the final conclusions of the study, an analysis of the strengths and limitations of the study, and recommendations for future research on this topic, are presented.
II. METHODOLOGY

2.1 Introduction

According to Yin (1994, p. 19), the research methodology is “an action plan for getting from here to there, where ‘here’ is the initial set of questions and ‘there’ are the set of answers.” The significance of having a clear plan is highlighted by Saunders, Lewis and Thornhill (2009), who asserted that if a research is to be successful, there would have to be a plan and the plan would need to be followed. The methodology or plan, they suggested, for getting from here to there, was similar to that of peeling an onion, i.e., at the heart of any research lies the data collection, analysis and reporting of the research findings, but before it was possible to get to the core research processes, there were other layers that must be peeled away with care. In this chapter, the methodology utilized for fulfilling the overriding aim of this research, are described and justified. The chapter is structured based on Saunders et al’ (2009) research onion model. Accordingly, the chapter begins with establishing the research philosophy, proceeding then to revealing the research approach and strategy, and finally establishing the method used for collecting the necessary data and the data analysis procedure.

2.2 Research Philosophy and Approach

A research philosophy, in simple terms, refers to the way of looking at the world, i.e., of interpreting what is seen, and deciding which things are genuine, valid and noteworthy (Rubin and Rubin, 2005). The two main types of research philosophies are positivism and interpretivism.

Positivism is a view that assumes that the identification and assessment of causes influence outcomes (Smith, 1983). This means that positivism works both by means of inference and logical demonstration. It is for this reason that some argue that positivism is most applicable when the researcher is pursuing hard and fast rules (Saunders et al., 2009). Saund’r’s view summarizes two important aspects of positivism: objectivity and instrumentalization. For positivism knowledge is naturally structured and arranged in an objective fashion (Morgan and Smircich, 1980).
Objectivity, hence, is presumed as resulting from the use of clear and repeatable scientific processes (Hatch, 2012). Terms such as certainty and truth, are usually found as coexisting next to the objective character of knowledge presumed, and all such terms populate positivist inclined research (Patton, 1990; Hunt, 1983). Instrumentalization comes as the result of counting with objective knowledge (Hatch, 2012). If positivist knowledge is repeatable then prediction and manipulation of entities becomes possible—which is precisely what is meant by the term instrumentalization (Hatch, 2012). Positivism is frequently used by researchers who use probabilistic and statistical tools, where testing theories with measurable data is the main goal (Dilley, 2004). Given the presumed character of objectivity that knowledge possesses in positivism, the interpretation of the data is not influenced by the researcher’s personal views, which would be deemed, in turn, as subjective. The advantages of positivism include the economical collection large amounts of quantifiable data, a clear theoretical focus (based on logical demonstration), and greater control over the variables included in the phenomenon at stake, because comparison and collection are straightforward (Matveev and Nelson, 2004).

The interpretivist approach, as its name suggest, involves interpreting the data gathered. In this view reality is seen as ongoing, dynamic process, replicated by individual participants, who act on their interpretations and their knowledge of it (Berger and Luckmann, 1966). This means that counter to positivism, interpretivism do not presume that knowledge is characterized by its objective characters, but rather begins from the empirical point of view, where individuals are inseparable from their social conditions (language, culture, rituals, etc.). The aim of an interpretive research is to gather rich meanings from the phenomena under investigation, rather than to concentrate on establishing generalizations as is the case with the positivist research approach (Mallon, 2013). The interpretivist approach is particularly useful when conducting research on intersubjective relationships, where language and meanings are omnipresent mediators: interpretivism is good dealing with diversity and in articulating and reconciling different opinions (Hudson and Ozanne 1988). This is because interpretivism allows for a dialectical approach, which enables researchers to gather and contemplate different points of view without having to reduce or disqualify them (Morgan, 1983).

As is evident from the above discussions, clearly, both of these philosophies offer distinct advantages. Previous researchers note that neither is superior to the other (Saunders et al., 2009).
Therefore, the choice of a research philosophy for a study should not be based on a label but on the goals of the research (ibid). In line, Guba and Lincoln (1994) point out that the overriding questions that a research seeks to answer is a good indicator of the philosophy of the research. More precisely, the authors note that research questions which seek to establish how will have a different philosophy from those which seek to establish why or how much (ibid). The interpretive philosophy is typically considered to be most appropriate for researches addressing ‘how’ questions, while the positivist philosophy is considered to be most appropriate for researches that address ‘why’ or ‘how much’ questions (ibid). For example, a research seeking empirical evidence of the financial benefits or detriments in mergers would utilize a different philosophy than a research such as the present one which seek to understand how employees and leaders respond to such large scale organizational changes. In case of the former, the research is concerned with hard and fast facts, with identifying clear causes and direct effects, thus making the positivist research philosophy most suitable for it. In case of the latter, i.e., the present study, the aim is to determine how employees make sense of the changes and how leaders give sense to employees of the changes that occur in their organization during the merger process, thus suggesting that the interpretive research philosophy would be most appropriate for the present study. More precisely, this research is interested in understanding and explaining the cognitive processes that affect employees and leaders, and how they respond to the change; hence, it cannot be reduced to the establishment of causes and effects. In other words, the positivist research philosophy is not suitable for this research.

Consistent with the interpretive research philosophy, the inductive research approach will be adopted in this study. In simple terms, the inductive research approach involves generating theory from data (Saunders et al., 2009). Hence, inductive researches typically begins with the collection of data by operationalizing concepts, and then analyzing the data to generate theory (ibid). This is in sharp contrast to the deductive approach which commences with the researcher conducting a comprehensive review of existing researches with the aim of generating hypotheses, and then collecting the necessary data and proceeding to test the hypotheses (ibid). Keeping in line with the inductive nature of the present research, the first step of this research was to understand the existing theories on the concepts of employee sensemaking and leader sensegiving. This was an important step as the ultimate goal of this research was to elaborate existing research. The next
step involved data collection, which was then followed by data analysis and discussion of the findings.

2.3 Research Strategy

The research strategy establishes the strategy used for data collection. Many authors have commented that each research strategy has advantages and disadvantages, and “no research strategy is inherently superior or inferior to any other” (Saunders et al., 2009, p. 141). What is most important is to choose a research strategy based on its ability to address the research questions effectively, the philosophical underpinnings of the research and the amount of time and other resources available for the research (ibid). Of the different strategies available, i.e., experiment, survey, case study, action research, grounded theory, ethnography and archival research; the case study research strategy was deemed most appropriate for the current research.

The case study research strategy involves examining a phenomenon in its natural settings (Yin, 2003), i.e., for example, exploring the sensemaking and sensegiving processes within the context of a specific organization. Previous researchers have highlighted that case research is particularly appropriate for certain types of problems, such as, “those in which research and theory are at their early stages” (Benbasat and Zmud, 1987, p. 369), and “sticky, practice-based problems where the experiences of the actors are important and the context of action is critical” (Benbasat et al., 1987, p. 369). Additionally, the case study strategy allows the researchers to answer ‘how’ and ‘why’ questions. All the above rationales justify the choice of the case study strategy for the current research. More precisely, the case study strategy is appropriate for understanding the nature and complexity of the sensemaking and sensegiving processes, as this strategy enables the study of the processes in a natural setting and to generate theories from practice.

Central to the case study research strategy is the decision to include one or several cases in the research. The use of multiple cases is regarded as more advantageous than the use of a single case owing to the greater reliability and validity that can be achieved with the former. Nevertheless, a single case was used in this research as there were no other recently merged organizations within the close proximity of the researcher.
2.4 Data Collection

Data collection can involve the use of a single method, multi-methods or mixed methods. Multi-methods, as the name suggests, involves the use of more than one data collection method; while mixed methods involves the use of at least one quantitative method and one qualitative method. Both multi-methods and mixed-methods offer benefits of triangulation, and, of the three, mixed methods is widely regarded as the most superior in terms of the higher validity and reliability that a research can achieve. Nevertheless, considering the time and resource constraints within which the present research was conducted, using more than one data collection method was beyond the scope of the present research. Hence, one a single data collection method was used in the present study. When using a single data collection method, there is a choice between using a qualitative or quantitative method (Saunders et al., 2009). Consistent with the interpretive research philosophy which guides this research, a qualitative data collection method was used for gathering data from the potential research participants. Specifically, the narrative interview method was used for data collection in the present study. The method is described and its choice over other qualitative data collection methods is justified in the following section.

2.4.1 What is Narrative Interview?

Narrative interviews refer to the process of acquiring knowledge about a situation through the words of the individual(s) who lived that situation (Creswell, 2009). It is an unstructured method of interviewing (Jovchelovitch and Bauer, 2000). In narrative interviews, the interviewees are encouraged to tell their story to the researcher (ibid). In line, Jovchelovitch and Bauer (2000, p 1) note that “the narrations reconstruct actions and context in the most adequate way; it reveals place, time, motivation and the actor’s symbolic system of orientations.” According to Connelly and Clandinin (1990, p. 4), in narrative interviews, “people are both living their stories in an ongoing experiential text and telling their stories in words as they reflect upon life and explain themselves to others”. More precisely, narrative interviews allow for the person to transform an experience into a story-like structure, that is, a structure with emotional ups and downs, with clear and defined protagonists, and with a detailed exploration of a single point of view (Clandinin, 2007; Connelly and Clandinin, 1990). The breadth and depth of the data obtained using narrative
interviews clearly allow the researcher to gain a greater understanding of the research phenomenon than would have been possible using any other data collection method, thus justifying its choice over other data collection methods for the current research. The main drawback of narrative interviewing compared to other interview methods is that because the interviews have to proceed at the speed set by the individual being interviewed, the interviews may at times take an extraordinary length of time. However, the depth of the information gained utilizing this methodology transcends the limitations and makes it an ideal choice for research strategy in the study of employee sensemaking and leader sensegiving during a major organizational change such as a merger.

2.4.2 Sampling and Interview Process

The interview process proceeded in a two-step fashion in the current research. First, there was the process of sampling. Given that this is not a positivist research, a large sample which is representative of the population, was not a requisite. Instead, as with any interpretive research, the aim was to select a sample which would provide enough information according to the criteria of coherence and consistency described earlier. The sampling process in the current research commenced with the researcher establishing contact with the potential research participants via email. Specifically, the researcher drafted an email which included information about the purpose of the research, the type of information required from the participants, and guarantees of anonymity and confidentiality, which was sent to the point of contact in the case study organization who then forwarded the message to all the potential research participants within the organization. The introductory email omitted any characterization of the interview as having an official character and, thus, available to the bank or any firm related to the merged banks. It was also made clear that the study had an anonymous and purely academic purpose, where understanding how employees make sense and how leaders give sense, in the context of a major organizational change such as a merger, would be the main goal. Once the researcher had obtained the consent of ten prospects who were willing to collaborate with the interview, further information about the interview, including time and venue for the interviews were discussed. Following these discussions, the final list of research participants was further narrowed down from ten to five. In case of two of the potential participants, the reason for not including them was that they were unwilling to participate in the interview on a one-to-basis and wanted at least one
other person from the organization along with them for the interview. As having more than one participant for an interview could present a bias to the results and it was, thus, deemed worthwhile to not include them. With the remaining three potential participants, one of them ultimately decided not to go through with the interview but did not cite a reason for the same, while the other two potential participants were unable to dedicate more than 30 minutes for the interview. As narrative interviewing involves the participants reflecting and describing their experiences in length, restricting the interview to such a small timeframe was thought to introduce bias in the data. Thus, these two potential participants were not included in the interview. The demographic profile of the final list of research participants is presented in Table 1.

Table 1: Basic profiles of the participants interviewed

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Gender</th>
<th>Age</th>
<th>Place of Residence</th>
<th>Business Unit / Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviewee 1 (Employee)</td>
<td>Female</td>
<td>30</td>
<td>Reykjavík</td>
<td>Branch (BYR) / Treasurer</td>
</tr>
<tr>
<td>Interviewee 2 (Middle Manager)</td>
<td>Female</td>
<td>40</td>
<td>Reykjavík</td>
<td>Branch (BYR) / Head of service center</td>
</tr>
<tr>
<td>Interviewee 3 (Employee)</td>
<td>Female</td>
<td>30</td>
<td>Akureyri</td>
<td>Branch (BYR) / Accountant</td>
</tr>
<tr>
<td>Interviewee 4 (Middle Manager)</td>
<td>Female</td>
<td>35</td>
<td>Reykjavík</td>
<td>Headquarters (BYR) / Credit manager</td>
</tr>
<tr>
<td>Interviewee 5 (Employee)</td>
<td>Female</td>
<td>50</td>
<td>Reykjavík</td>
<td>Headquarters (BYR) / Consultant</td>
</tr>
</tbody>
</table>

Having narrowed down the research sample, the next step in the interview process was the conducting of the actual interviews. Each of the interviews commenced with the researcher explaining the topic of inquiry to the interviewees and gaining their permission to record the interview. After obtaining the interviewees consent, the tape recorder was turned on, and the interviewer repeated the date and asked again if the interviewer understands the process and if the interview can be recorded. The goals of the interview, to restate, were to prompt the employees
to narrate in as comprehensive a manner as possible, their experiences during the merger. With regard to the questioning, consistent with the narrative interviewing method, in each of the interviews, the researcher asked open-ended questions and used cues to prompt the interviewee to make a comprehensive narrative. The interviews were not structured in a way that oriented the interview nor are they intended to be understood in a journalistic fashion, given that a fact check of the interviewees’ story was not made. In brief, the interview began by asking the interviewee to ‘Tell me about your work at Byr’ which created a space where the interviewee would feel comfortable, because the question neither asks for an opinion, but just for general information about the person’s work within the bank. Once the interviewee felt comfortable he / she asked to discuss her experience of the merger: ‘You were working when the merger happened – tell me about that process’. A series of additional cues were used, such as ‘What happened then’, ‘Go on…’, etc., in order to prompt the interviewee to give greater details about her experience. Each time, the interviews came to an end when the interviewee concluded or gave closure to the narrative. In other words, throughout the interview process, the researcher took a conscious effort not to be intrusive and in turn cause bias. The entirety of the interviews can be found in the Appendix section of this thesis.

2.5 Data Analysis

Lawrence and Tar (2013, p. 29) describe data analysis in qualitative researches as involving “working with data, organizing it, breaking it down, synthesizing it, searching for patterns, discovering what is important and what is to learned, and deciding what you will tell others”. There are different types of qualitative analysis techniques, namely, grounded theory approach, content analysis, hermeneutics and semiotics (Lawrence and Tar, 2013). The content analysis technique was selected in this research used for the analysis of the qualitative data generated in this study from the narrative interviews. The choice of the content analysis techniques over other qualitative analysis techniques was not random but rather because it is one of the most widely used analysis technique in sensemaking and sensegiving researches. The grounded theory approach is also a popular analysis techniques used by sensemaking and sensegiving researchers, however, this technique was not chosen because this method is extremely labor intensive. The
grounded theory technique involves a steady movement between the concept and data, as well as constant comparison between the different qualitative data so as to control the scope of the emerging theory (Lawrence and Tar, 2013). This process clearly requires a considerable investment of cognitive effort by the researcher, especially when large quantities of qualitative data need to be analyzed, such as in the case of the present research (ibid). Hence, this method was not chosen in the present research. Mayring (2000, p. 2) defines qualitative content analysis as “an approach of empirical, methodological controlled analysis of texts within their context of communication, following content analytical rules and step by step models, without rash quantification”. The procedure for conducting the content analysis of the qualitative data in the present research was as follows. Firstly, deriving from the research objectives and existing theories, a set of questions that need to be answered was laid out. Following the determination of the questions that need to be answered, each of the narratives was individually worked through and tentative categories were deduced. The categories generated from each narrative were then compared and consequently revised, eventually reducing it to main categories.
III. THEORY

3.1 Introduction

This research intends to gain insights into how employees make sense and how leaders give sense in the context of a major organizational change such as a merger. In this chapter, existing theories on the concepts of sensemaking and sensegiving are introduced which will aid in extracting interesting findings from the primary data. To provide perspective on the relevance of the sensemaking and sensegiving concepts in the context of mergers, this chapter begins with defining mergers and discussing the benefits and challenges associated with the same. Next, the term sensemaking is defined and theories on the stages of the sensemaking process and the characteristics of sensemaking are introduced. This is followed by a review of existing theories on the concept of sensegiving, with particular focus on how leaders make sense and give sense to employees during organizational changes.

3.2 Organizational Change: Merger

Organizational change, in general terms, refers to the alterations of existing routines that affect a whole organization (Herold and Fedor, 2008). These alterations are made in order to enable the organization to take advantage of important opportunities or cope with significant threats posed by the macro-environment (ibid). According to recent researchers, owing to the rapidly changing macro-environment, organizational change has become crucial for the short-term competitiveness and long-term survival of organizations, and therefore, unsurprisingly, change occurs at a high rate in modern organizations (Armenakis and Harris, 2009; Herold and Fedor, 2008). In line, Herold and Fedor (2008) assert that, from shifting organizational boundaries to altering organizational structures, firms are rarely in a state of stagnation and if they are, it is almost certain that their future may be in peril. However, literature suggests that in majority of the cases, organizational change fails to deliver the expected results (Shin, Taylor and Seo, 2012). In fact many previous researchers have estimated the failure rate of organizational changes to be as high as 50 per cent (e.g. Marks, 2006; Quinn, 2004). Similar findings emerged in a recent survey of
global companies conducted by Meaney and Pung (2008), where two-thirds of the respondents reported that majority of the organizational change initiatives in their firm have failed. An organizational change initiative which has in particular been found to have a high rate of failure is mergers (Christensen, Alton, Rising and Waldeck, 2011; Newbury and Zeira, 1997). According to Capron (1999), 50 percent of domestic mergers and 70 percent of cross-border mergers fail to produce the intended results.

A merger, in its most basic sense, refers to the combination of two separate organizations to become a single legal entity (DePamphilis, 2011). As both mergers and acquisitions involve the combination of two companies, both these terms are often treated as synonyms (Hitt, Harrison and Ireland, 2001). However, there are slight differences in the two from a legal perspective (ibid). More precisely, acquisitions are transactions which involve one firm buying controlling interest in another firm whereby the identity of the acquiring firm remains while the identity of the acquired firm dissolves as it becomes a part of the acquired firm (ibid). In contrast, with merger transactions, both the companies lose their identities and in place a new company with a new identity is created. The rationale for firms engaging in merger transactions can be understood using the resource-based view (RBV). According to the RBV, the competitive advantage of a firm stems from its access to tangible and intangible resources that are valuable, unique and difficult to imitate (Barney, Wright and Ketchen, 2001). These resources can be developed internally and/or sourced externally. However, there are limitations to relying solely on internal resources for gaining competitive advantage because it is unlikely that the same set of internal resources can be used over and over again to develop new and more valuable contributions (Cohen and Levinthal, 1990). Thus, over time, it becomes crucial to obtain resources currently outside the firm and integrate it with those outside the firm’s control in order to enhance firm performance (ibid). Mergers are one such mechanism through which firms can access new resources that can improve firm performance (Capron, Dussauge and Mitchell, 1998). This view is supported by Harrison, Hoskisson and Ireland (2001) who note that mergers offer “attractive means for enhancing resource bundles when an organization’s current capabilities aren’t sufficient to achieve desired outcomes.” Thus, mergers can be understood to occur when firms perceive that the combined value of the firms is greater than the sum of the values of the separate firms. According to Vaara (2003), mergers can present opportunities related to gaining market share, competitive advantage, and increasing productivity, efficiency and revenues. Not surprisingly then, these benefits
associated with mergers, coupled with the freedom of capital and the frictionless supply chains that come as a result of economic globalization, have made mergers much more common today that in the past (Gardiner, 2006).

However, the potential value associated with mergers are based on the assumption that the combination of two firms provide benefits arising from synergies, yet firms often differ in their ability to achieve synergies (Sirmon, Hitt and Ireland, 2007). More precisely, simply combining complementary resources does not ensure synergy. That is, there is a difference between the potential value related to a merger transaction and the realized value of the merger (Zahra and George, 2002). The realized value of mergers lies in the capability to combine the resources of the two merged firms effectively (ibid). Therefore, a sole focus on the potential value of mergers gives an incomplete picture of the implications of mergers, and mergers can in fact face a lot of problems. A lot of the problems associated with mergers are related to the human resources of the post-merger organization (Shabi, 2007). Specifically, mergers create complex situations for the members of previously separate organizations and these complexities in turn are likely to cause significant integration issues for the employees of the post-merger organization (Vaara, 2003). For example, the merging of two companies can give rise to ethnocentrism and stereotyping which create obstacles to socialization among organizational members coming from the previously separate organizations, communication difficulties or other types of misunderstandings (Gersten, Soderberg and Torp, 1998).

However, despite the significance of human capital for the success of mergers, previous researches on mergers, for the major part, have given most attention to the financial and operational issues associated with mergers (Vaara, 2003). This is a major gap in existing research and the present research aims at addressing this gap. Specifically, this research will explore the significance of sensemaking and sensegiving in helping organizational members cope with the integration issues that arise as a result of mergers. In the following section, the concept of sensemaking and its significance in the context of mergers are discussed.
3.3 What is Sensemaking?

3.3.1 Defining Sensemaking

In simple terms, sensemaking is the cognitive process by which individuals interpret and make sense of ambiguous and uncertain events and experiences, and choose what action to take (Gioia and Chittipedi, 1991; Weick, 1995). It is evident from this definition that sensemaking occurs when people are faced with ambiguous and uncertain situations. Although ambiguity and uncertainty are seemingly similar terms, sensemaking theorists have highlighted that the two terms are slightly different in relation to sensemaking. Specifically, Martin (1992, p. 134) argues that “ambiguity is perceived when a lack of clarity, high complexity or a paradox makes multiple (rather than single or dichotomous) explanations plausible”. Uncertainty, on the other hand, is defined by Burns and Stalker (1961, p. 12) as “the ignorance of the person who is confronted about the outcomes which many follow any of his possible lines of action.” In other words, an ambiguous situation can be understood as one which there are many explanations available and an individual does not know which to choose, while an uncertain situation is one in which the individual is not aware of any explanations (Weick, 1995).

Considering the fact that the process of sensemaking begins when people are confronted by ambiguous and uncertain situations, and that organizational changes such as mergers typically produce such situations, clearly, organizational changes create frequent opportunities for sensemaking (Weick, 2001). McCaskey (1982) in fact suggested twelve ways in which ambiguity may crop up in organizations during change initiatives, they are: (1) lack of clarity about what the problem in question is; (2) problems in the amount and reliability of the information available for interpreting the problem; (3) multiple, conflicting interpretations of the information available; (4) different personal and professional value orientations leading to politically and emotionally charged clashes; (5) unclear or multiple and conflicting goals; (6) shortages in time, money or attention; (7) appearance of contradictions and paradoxes; (8) lack of clarity in the definition of the roles and responsibilities; (9) lack of success measures; (10) poor understanding of cause-effect relationships; (11) use of symbols and metaphors instead of precise definitions and logical arguments; and (12) instability in the decision making process. The role of sensemaking in the context of organizational changes has been accurately captured in the definitions of the concept.
laid down by many earlier researchers. One such useful definition is that provided by Gioia and Chittipeddi (1991, p. 44). The authors defined sensemaking as “the meaning construction and reconstruction by the involved parties as they attempt to develop a meaningful framework for understanding the nature of the intended strategic change” (Gioia and Chittipeddi, 1991, p. 44). Thus, sensemaking can be understood as the process by which individuals understand, interpret and create sense for themselves of their changing organizational context and surroundings. According to Stensaker, Langfeldt, Harvey, Huisman and Westerheijden, (2008), sensemaking plays a significant role in the success of organizational change initiatives because how individuals make sense of change initiatives affects whether the change outcomes are in accordance with the anticipated outcomes or are in conflict with the anticipated outcome.

3.3.2 Stages in the Sensemaking Process

The sensemaking process, as explicated by Weick (1979), has been depicted as a four-stage process in which an individual (1) notices and brackets puzzling events that they cannot readily interpret using existing mental structures, (2) categorizes and labels what they notice, (3) weaves together the categories and labels, along with prior understandings, experiences and social cues, into emerging stories and selects a plausible story, (4) and finally moves towards action. The four interdependent stages are aptly titled by Weick (1979) as enactment, justification, selection and retention.

Enactment is the earliest and most basic stage in the sensemaking process (Weick et al, 2005). The term enactment is used to describe this stage of the sensemaking because the term “preserves the central point that when people act, they bring events and structures into existence and set them in motion” (Weick, 1998, p. 306). This stage commences with individuals noticing ambiguous or uncertain events to which meaning must be assigned (ibid). Individuals then focus on one or more subsets of the overarching problem (ibid). Weick et al (2005) refers to the process of highlighting and focusing on particular issues as bracketing. In the context of organizational change, Weick et al (2005) assert that bracketing typically begins with organizational members reflecting on the changes in the organizational environment and trying to discern what is different now than before and the meaning of these differences. The next stage, i.e., justification, involves organizational
members finding categories (descriptions) that help them make sense of the puzzling issues that they have singled out (bracketed) for immediate attention, and labelling the categories that they identify (Weick et al, 2005).

In the third stage, i.e., selection, organizational members begin to connect meanings between the punctuated moments and select a plausible story that explains and suggests a response to the puzzling information that they seek to understand (ibid). In the second and third stages, members’ cognitive thought are not only influenced by their prior understandings and experiences, but also by the cues from fellow organizational members (Weick et al., 2005). In fact Weick et al (2005) point out that social interactions with fellow organizational members have a significant influence on individual’s selection of an emerging story as plausible. Finally, the move towards action marks the fourth stage of the sensemaking process. This stage is termed ‘retention’ in line with the fact that memories of the previous stages are retained by individuals as a plausible explanation and reference for future actions, thus implying that sensemaking is not a closed process.

3.3.3 Characteristics of the Sensemaking Process

Weick (1995) voiced seven key characteristics of the sensemaking process which distinguish it from other explanatory processes such as understanding, interpretation and attribution (Schwandt, 2005). These seven properties are: (1) it is grounded in identity construction; (2) it is retrospective; (3) it is on-going; (4) it is driven by plausibility; (5) it is a social process; (6) it is enactive of sensible environment; and (7) it is focused on extracted cues (Weick, 1995).

Firstly, sensemaking is grounded in identity construction. This means that the identity of the individual forms and sustains the socially constructed meanings assigned to events (Weick, 1995). Identity simply refers to the way in which we define who we are and what our role is in a variety of contexts. However, Weick (2001) notes that, in the organizational context, sensemaking is not only grounded in the self-identity of the organizational member, but also in how the individual is perceived by others in the organization. In other words, sensemaking is shaped by what we enact and how we interpret (self-identity) and by what outsiders think we are and how they treat us (image).
Secondly, sensemaking is a process that is retrospective. Retrospection a data reduction process, enabling individuals to negotiate a complex and confusing world. It is “the basis upon which one relates knowledge, attributes meaning and fashions understanding” (Poole, Gioia and Grey, 1989, p. 272). Weick (1995, p. 52) notes that retrospection is an important process which helps “to identify small, subtle features and relationships that can have surprisingly large effects” (Weick, 1995, p. 52). It can happen either implicitly as unintended thinking, or explicitly, in the form of active thinking (Weick, 1995). Sensemaking is considered as a retrospective process because it constructs meanings based on past events and experiences (Helms, Thurlow and Mills 2010).

More precisely, similar and familiar events in the past inform the way in which individuals understand the present and the way in which they evaluate their responses to new situations (Helms et al, 2010).

The third key characteristic of sensemaking is that it is an ongoing process of meaning construction. As Weick (1993, p. 635) argues, “the basic idea of sensemaking is that reality is an ongoing accomplishment that emerges from efforts to create order and make retrospective sense of what occurs.” In other words, sensemaking is not a one-off process but involves “updating and is progressive” (Weick et al., 2005, p. 413) as the individual’s understanding of the focal problem continues to develop because of new perspectives, information or changing events. Thus, sensemaking “neither starts fresh nor stops cleanly” (Schwandt, 2005, p. 183).

Fourth, sensemaking is driven by plausibility. What this means is that the sensemaking process which involves using past information and selecting certain cues over others, does not rely on accuracy or on getting it right; instead it is driven by probability (Helms et al., 2010). This characteristic of sensemaking explains the possible inconsistencies that exist in sensemaking processes at different hierarchical levels, in different business units and even for different individuals, who have similar roles (Berry, 2001).

The fifth important characteristic of sensemaking is that it is a fundamentally social process, i.e., organizational members interpret complex events not only through retrospection, but also through interactions with others (Weick and Roberts, 1993). They interact with each other in order to make sense of what is going on around them and to determine how they should respond (ibid). Through
these social processes, change recipients develop new understandings and cognitive frameworks for interpreting the complex events (Maitlis, 2005). In other words, sensemaking is a process that is grounded both in individual retrospection as well as social relationships and interactions. Considering that social interactions influence the sensemaking process, in the context of organizational change, it is then important to note that leaders have the potential to influence change recipients’ sensemaking in a specific direction. This deliberate attempt to influence others sensemaking is called sensegiving. The concept is discussed in detail in section 3.4. Additionally, the social process characteristic of sensemaking implies that communication and interaction are central components of sensemaking. According to Taylor and Van Every (2000, p. 58) sensemaking “takes place in interactive talk and draws on the resources of language in order to formulate and exchange through talk”. There are many communication channels through which concepts and ideas can reach a sensemaker (Boje, 1995). This includes formal and informal, verbal (written and spoken) and non-verbal communication (ibid). Interaction among individuals can be through exchanging stories, rumors, gossips, jokes, accounts of past experiences, conversations, utterances, documents, and taking note of symbolic behaviors and actions (Gioia, Thomas, Clark and Chittipeddi 1994).

The next important characteristic of sensemaking is that it is enactive of environmental and social circumstances. This means that sensemaking is not a process that closes the individual upon herself, but, on the contrary, one that allows her to understand her experience of an environment (Helms et al., 2010). The environment, therefore, is either acted upon or modified, highlighting the individual’s sense of control, or is seen as affecting the individual and pushing her to act or respond in order to regain or maintain control (ibid).

Lastly, the sensemaking process is focused on extracted cues. The sensemaking process works by applying a sort of selection on the available information, where some elements are highlighted, while others are entirely dismissed (Helms et al., 2010). These highlighted elements are referred to as extracted cues. Discussing about the relevance of extracted cues in the sensemaking process, Colville, Waterman and Weick (1999) argues that that the way humans understand organizational changes likens to the way we inspect a map, that is, it works through a process of selection and perspective, where the relation between the whole and its parts is essential to the construction of meaning. Furthermore, Starbuck and Milliken (1988) note that the nature and significance of
extracted cues are dependent upon several factors, including, environmental context, organizational vocabularies, language, noticing and search strategies.

Nevertheless, Weick et al (2005) asserts that it remains the case that some properties can prove to be more pivotal than others. This means that the properties mentioned above are not intended to provide a rigid structure to the sensemaking process, but their use must be assessed on a case by case basis, where the researchers must be able to evaluate which aspects of sensemaking prove to be more relevant than others.

3.4 What is Sensegiving?

3.4.1 Defining Sensegiving

The term sensegiving was coined by Gioia and Chittipeddi (1991, p. 442) who defined it as “the process of attempting to influence the sensemaking and meaning construction of others toward a preferred redefinition of organizational reality”. In other words, while sensemaking refers to the process of meaning construction and reconstruction, sensegiving is the process of attempting to influence the meaning construction of others towards a preferred direction (Gioia and Chittipeddi, 1991). Although the two processes are conceptually different, Hopkinson (2001) notes that sensemaking and sensegiving are two complementary processes - they are like two sides of the same coin, i.e., one implies the other and cannot exist without it.

Previous researchers have highlighted two key characteristics of the sensegiving process: (1) it is interactive; (2) and it is continuous (Gioia & Chittipeddi, 1991; Maitlis, 2005; Weick, 1995). The interactive or social nature of sensegiving implies that two or more individuals are involved in the sensegiving process and that the sensegiving of one individual can be influenced by the other (ibid). It also means that individuals influence each other through persuasive or evocative language (ibid). The continuous or ongoing nature of sensegiving, on the other hand, suggests that sensegiving is not a one-off attempt in influencing others but in fact an individual can make multiple sensegiving attempts (ibid). The ongoing characteristic of sensegiving also means that a sensegiving attempt can be influenced by previous attempts (ibid).
Similar to sensemaking, sensegiving is triggered when people are faced with uncertain and ambiguous situations. Thus, considering that organizational changes give rise to such complex situations, many previous researchers have postulated that leaders typically engage in sensegiving when major organizational changes occur (Gioia and Thomas, 1996). In fact in the organizational change context, sensegiving has been argued to be a critically important leadership activity for achieving the desired change outcomes (Gioia and Thomas, 1996). More precisely, the ability of leaders to communicate new beliefs and meanings in a way that is relatable, understandable and compelling to change recipients is considered to play a significant role in effecting the outcomes of organizational changes (ibid). This is so because sensegiving can establish mutual understanding of issues; facilitate acceptance, enthusiasm and energy for change; and enable gaining the support of change recipients (ibid). Additionally, leader sensegiving can refocus organizational members’ attention on the positives of change, without which members’ interpretation of the change would likely be highly negative (ibid). Moreover, organizational justice theories imply that organizational members’ reactions towards change are affected by the degree to which they perceive the processes by which the changes are conceived and implemented as fair (Lines, 2007). Employees’ perceptions of fairness are in turn assumed to be influenced by the explanations they are given regarding the decisions for the changes (Cobb and Wooten, 1998). This then indicates that organizational members are likely to perceive changes as fair and react more favorably to organizational changes when leaders engage in sensegiving. These factors thus suggest that leader sensegiving plays a significant role in the context of organizational change because it helps overcome inertial forces against change and creates organizational readiness for change.

3.4.2 Leader Sensemaking

In the process of sensegiving, Weick et al (2005) asserts that leaders need to first make sense of the change themselves. However, literature suggests that leaders who are in charge of sensegiving often struggle to make sense of the change themselves as they are not directly involved in the decision making process related to the changes (Isabella, 1990). Balogun and Johnson (2004) explain that those charged with implementing organizational changes and persuading employees
are often middle managers. They “have the challenge of grasping a change they did not design and negotiating the details with others equally removed from the strategic decision making” (Balogun and Johnson, 2004, p. 543). At the same time, as firms become more geographically dispersed, managers have fewer interactions with top level executives and hence limited opportunities to seek clarifications (ibid). Therefore leaders in charge of sensegiving may often experience intense confusion, anxiety and stress trying to interpret the changes initiated by top management (McKinley and Scherer, 2000). In other words, while employees look to their managers to help them make sense of the change initiatives, the managers themselves struggle for understanding (Gioia and Chittipeddi, 1991).

Schon’s (1983) work is widely regarded as the most influential work in the study of leader sensemaking. Schon (1983) theorized that sensemaking ability varies among individuals, and leaders have more advanced sensemaking ability compared to employees. The author’s explanations as to why leaders sensemaking abilities are more advanced than that of employees is based on the theme of ‘reflective practice’. More precisely, according to Schon (1983), there are two ways in which individuals engage in reflection and action. The first type is called reflection-on-action and it is the process most commonly used by organizational members for making sense of change initiatives. By definition, reflection-on-action is “the practice of periodically stepping back to ponder the meaning… [of] what has recently transpired” (Raelin, 2001, p. 11). In other words, reflection-on-action involves reflecting back on experiences that have already transpired and taking action after that. Schon (1987) illustrates the practice with the example of constructing a gate. He notes that if an unanticipated problem arises while he is building the gate, using the reflection-on-action practice, he would reflect on the problem, after the problem has arisen, with a rather calm thinking of what has happened and what needs to do, i.e., the thinking happens not while he is in the midst of action, but rather removed in time from that action (ibid). In contrast, reflection-in-action is the practice of reflecting in the moment, i.e., when faced with an unexpected event, the individual using reflection-in-action, would actively check on ways, there and then, to take steps to stop the problem from continuing. In other words, reflection-in-action involves reflecting on the problem while it is happening and taking new action in the midst of the problem so as to stop the problem. Schon (1987) emphasised that reflection-in-action consists of a sequence of four components, namely, routinized action, encounter of surprise, reflection and new action. Clearly, reflection-in-action and reflection-on-action are the
two ends of a continuum of reflective practice. According to Schon (1987), in the organizational setting, more than anyone else, leaders utilize reflection-in-action for making sense of change initiatives. Schon (1983, p. 77) notes that, “faced with surprise and ambiguity, leaders engage in a reflective conversation with the situation in which they frame their situation in understandable terms yet allow for unique elements to emerge”. They engage in action with a set of past experiences and reflect upon the impact of these improvised actions while engaging in action (ibid). Schon (1983) argues that the ability of leaders to reflect in the midst of action, without interrupting what s/he is already doing and reshaping it at the same time, is of great significance considering that the time available to make decisions are often very short in organizational life and actions need to unfold quickly. In line, Watson (1994, p. 36) asserts that managers live “in a whirl of activity in which attention must be switched every few minutes from one subject, problem and person to another”. Thus, the ability of leaders to gauge the time available, in between action, for reflection and to integrate their reflection into the smooth flow of action, allows them to create new insights quickly (ibid).

3.4.3 Leader Sensegiving

Previous researches on leader sensegiving have uncovered a range of tactics that leaders use to influence the sensemaking of organizational members (Bartunek, Krim, Necochea and Humphries 1999; Gioia and Chittipeddi, 1991; Maitlis, 2005). Traditionally, discursion was considered to be at the core of the way managers influence others (Maitlis and Sonenshien, 2010). In the most basic sense, discourse refers to “practices of communicating”. However, this is a very broad definition of discourse. Hall (2001, p. 72) asserts that while discourse refers to the use of language, it “rules in certain ways of talking about a topic, defining an acceptable and intelligible way to talk, write or conduct oneself”. In other words, discourse does not just refer to performing a conversation, but involves crafting and sharing a message that individuals wish to get across to recipients in a way that is meaningful, engaging and compelling (Bartunek et al., 1999; Maitlis 2005). It involves communicating messages, explaining a situation and expressing an opinion in a logical and rational manner (ibid).
However, Maitlis (2005), Sonenshein (2006) among other researchers, theorize that for effective sensegiving, it is not only performing the conversation in a logical and rational manner which is important, but *setting the scene* in which these conversations are embedded is also important. ‘Setting the scene’ is underpinned by two activities, which are: (1) building the relevant social settings in which to perform the conversations, and (2) drawing on symbolic representations (Maitlis, 2005; Sonenshein, 2006). Building the relevant social settings in which to perform the conversations refers to the capacity of leaders to “bring people together around a change project in order to make sense of it and build an alliance working towards the change….specifically, it refers to the knowledge of who to contact, who to bring together, and who to use to influence things” (Rouleau and Balogun, 2011, p. 953). In other words, it involves knowing who to engage with and using appropriate means to reach these people, such as, group meetings, writing reports and discussing it with them, lunch invitations, informal encounters, phone calls and one-to-one discussions (McNulty and Pettigrew, 1999). On the other hand, drawing on symbolic representations, refers to the use of appropriate symbols such as metaphors, narratives, stories and so forth when communicating with recipients (ibid). Examples of symbolic sensegiving tactics include telling change-related success stories, telling narratives about the progress that can be achieved as a result of the change initiatives, using metaphors to espouse the new mission and vision of the organization, and disclosing intentions through hypothetical scenario presentations (Gioia and Chittipeddi, 1991). Hill and Levenhagen (1995) assert that use of symbols in conversations is very important in achieving organizational members’ acceptance to the change, given their strong emotional content and their ability to provide meaning to events in a way that is easily relatable. Thus, effective sensegiving involves sharing a message in the right way at the right time and in the right place (Maitlis and Lawrence 2007).

Sensegiving research also highlights the need for leaders to be ‘politically able’ in order to be able to influence others and in turn affect their acceptance of the organizational change initiatives (Balogun, Hailey, Scholes and Johnson, 2008; Buchanan, 2008). Specifically, researchers posit that change recipients are likely to accept sensegiving attempts from leaders with expert power (Lines, 2007). The explanation for this is that change recipients perceive the suggestions of leaders who have expertise in relevant domains to be more conducive of success and hence are likely to consider it (ibid). However, Lines (2007) notes that a leader having superior knowledge will not possess expert power unless organizational members notice and value this knowledge. Thus, not
only is superior knowledge essential for effective sensegiving, but it is equally important that leaders responsible for sensegiving, seek and create situations in which their knowledge related to the change issues become visible to organizational members (Lines, 2007). According to Lines (2007) use of discursive tactics is an effective way for leaders to make their knowledge visible to organizational members. More precisely, leaders could present convincing analyses of the current situation, envision the desired end states and outline the procedures for implementing the changes (Lines, 2007).

Previous researchers have also theorized that a consultative leadership style rather than a paternalistic leadership style would be more effective for sensegiving (Maitlis and Lawrence, 2007). Paternalism involves a “dyadic and hierarchical relationship between a superior and subordinate, and there is a role differentiation in this relationship” (Ozer, Dagon and Tınaztepe, 2013, p. 165). The characteristics of a paternalistic leadership style include: (1) the creation of a family atmosphere at the workplace, (2) establishing close individual relationships with subordinates, (3) involvements in non-work domains, (4) expecting loyalty and deference in exchange for care and guidance, and (5) maintaining a strict hierarchical status marked by an established authority (Aycan, 2005; Ozer et al., 2013). The main drawback of a paternalistic leadership style which makes it unsuitable for sensegiving is the relatively low level of communication between the leader and employees (Bartunek et al, 1999). Paternalistic leaders justify the low level of communication with employees as a means of protecting them from unnecessary worries (Mirvis and Marks, 1986). However, considering the centrality of communication and interaction for sensegiving, clearly the paternalistic leadership style can greatly weaken sensegiving attempts. Instead a consultative leadership style wherein leaders involve change recipients in discussions about the change initiatives, and inform them about the change and its implications in a transparent fashion would enable more effective sensegiving (Maitlis and Lawrence, 2007).
IV. ANALYSIS AND DISCUSSIONS

4.1 Introduction

This chapter begins with presenting background information on the case study on which the present research is centered, i.e., the merger between Iceland’s Íslandsbanki and Byr Savings banks. The background information is presented in order to set the context in which the employee sensemaking and leader sensegiving processes will be explored in this research. This information was obtained from secondary sources such as industry reports, newspaper reports and company press releases. This is followed by an in-depth analysis of the narrative interviews and discussion of the outcomes of the data analysis. The narrative interviews of the five research participants are analyzed keeping the overriding research aim in mind, i.e., how employees make sense of the changes and how leaders give sense to employees.

4.2 Background on the Merger of Íslandsbanki and Byr Savings Bank

4.2.1 History of Íslandsbanki and Byr Savings Bank

The history of the newly created Íslandsbanki is based on over a century of mergers and changes. The history of the bank began in 1875 with the founding of the Álftaneshreppur Savings Bank. In 1902 Álftaneshreppur Savings Bank merged with Hafnarfjördur Savings Bank. During the first decade of the twenty-first century Iceland’s financial system went through a series of important changes, which led to an unprecedented growth. In 2007, Byr Savings Bank was formed when Álftaneshreppur and Hafnarfjördur merged with Machinists' Savings Bank and Kópavogur Savings Bank. The old Íslandsbanki was founded in 1904 product itself of a four-way merger. For decades, the bank has been instrumental in the consolidation of the Icelandic banking sector. In 2011, the Icelandic Parliament agreed to sell the State’s 11.8% share in Byr Savings Bank to Íslandsbanki. The EFTA, which is the Financial Supervisory Authority of the country, along with the Icelandic Competition Authority and the Surveillance Authority also provided guidance and approval in the transaction. It was established that the government’s share in Byr should be sold.
to Íslandsbanki and that the two organizations would be allowed to merge. With the sale of the Icelandic Governments 11.8% share of Byr and the 88.2% share of the bank owned by the Byr Resolution Committee, the newly created organization, which was valued at USD 55 million, began operations in 2012 under the name Íslandsbanki (Bingham, Sigurdsson and Jännäri, 2012).

4.2.2 Iceland's Financial Boom and Bust

From the late 1990s up until 2008 Iceland was seen as a country that had managed to turn globalization to its advantage. Iceland had high and sustained growth rates, living standards among the highest in the world and had government in power that supported free market activity. The privatization of the four formerly state-owned banks was what initially stimulated strong growth in the Icelandic financial system. At that time, the newly privatized banks had easy access to foreign capital at a low cost due a long history of stable banking operations where the state had guaranteed all foreign loans and, as a result, the external market conditions were favorable. The banking sector grew enormously after the privatization and over a period of a few years, 2003-2006, the Icelandic banks leveraged their capital base to buy up assets worth several times the country’s GDP (Sigurjónsson, 2010).

However, in 2006, worries about the stability of the big banks began to rise due to the banks having problems raising funds in the money markets. The banks were operating far beyond the capacity of the Iceland’s Central Bank to support them as a lender, accounting for about 85 percent of the whole financial system in Iceland (Wade and Sigurgeirsdottir, 2012). By 2008 the inevitable became a reality: Icelandic banking model was not viable and the three major banks collapsed in the same week, the financial crisis hit Iceland along with many other economies following the collapse of Lehman Brothers’ (Danielsson & Zoega 2009).

The IMF (International Monetary Fund) arrived on Iceland on October 2008 with the goal of preparing a program for the country, which made Iceland the first developed economy to ask for a rescue fund since Britain in 1976 (Wade and Sigurgeirsdottir, 2012). The rescue as is normal with the IMF came with strong conditions. Iceland would have to prepare for the turmoil that lay ahead. It is under these circumstances that the case under scrutiny in this research came to be. The merger, hence, was not simply another of the many that can take place globally. It not only entailed an important organizational change, but also meant that leadership and employees would have to
face especially adverse conditions: a disapproving public, a discontent and uncertain workforce, a government which had lost its public support and a global financial crisis, which made the reliance on international investors an impossible alternative.

4.2.3 A Merger in the Midst of Complexity

Once the Icelandic government approved the sale of its 11.8% stake in Byr to Íslandsbanki hf. the merger between Íslandsbanki and Byr, could go through as it had been approved by the Financial Supervisory Authority (Iceland), the Icelandic Competition Authority, as well as the EFTA Surveillance Authority (Íslandsbanki Corporate Website, 2013). The merger between Íslandsbanki and BYR Savings could perhaps be seen as a mandatory one, as a consequence of the financial meltdown. However, Íslandsbanki stated that the merger would bring about improved efficiency in the Icelandic financial sector and that the merger is important part of its resurrection (Íslandsbanki, 2013).

According to the newly merged bank the emphasis was to be placed on minimizing uncertainty for employees and the banks customers. However they still had to lay off 63 people in 2011 and following that Íslandsbanki published a press release in which is stated that its ‘reorganization following the merger with BYR is now complete, and all other jobs are therefore secure for now’ (Anon, 2011). According to this statement the firing was just over for now, not in line with their statement that the emphasis is to minimize uncertainty one would figure. Although the external condition were not so favorable during the merger the bank was determent to form a strong financial institution with a corporate culture of excellence in customer service, with the slogan “best of both”. According to the bank authorities the merger was allegedly one which was done between banks which shared a similar corporate culture and a history of commitment to customer service (Íslandsbanki, 2013).

The merged bank, Íslandsbanki, offers comprehensive financial services to households, corporations and professional investors in Iceland. The bank has strong market share across all domestic franchise areas – that is, retail banking, corporate banking, capital markets and wealth management. The bank operates a diverse branch network after the merger, with 21 branches strategically based in the Reykjavik metropolitan area and in larger towns across Iceland (Íslandsbanki, 2013).
4.3 Findings from the Narrative Interviews

4.3.1 Employee Sensemaking: An Evolutionary Process

The analysis of the narrative interviews reveals a series of important aspects about the employee sensemaking process. Importantly, the arguments provided, coherence and the shared elements between interviews reveal that employee sensemaking is an *evolutionary process*. Sensemaking is an evolutionary process in that it is mediated by a learning curve: people respond to ambiguities and uncertainties that they face in the organizational context in an active fashion, retrospectively organizing the situations that they experience into a structure of schema in order to make them sensible. The schemas that help the individual to make sense of a situation are retained in memory and used for making sense of similar situations that they may experience in future. In short, noticing ambiguous and uncertain situations, selecting interpretive schemas to make sense of them, and retaining these schemas for future use is how employee’s sensemaking process takes place. The finding is consistent with Weick’s (1995) theories of sensemaking. More precisely, Weick (1995, p. 67) asserted that “an evolutionary epistemology is implicit in organizational sensemaking, which consists of retrospective interpretations built during interactions”. Highlighting the evolutionary characteristic of sensemaking, Weick (1989) also described sensemaking as ‘disciplined imagination’. The finding is also in line with Warglien’s (2002) postulations of the sensemaking concept. Specifically, Warglien (2002, pg. 110) pointed out that sensemaking involves an individual “responding adaptively to his or her environment by mimicking inside himself or herself the basic dynamics of evolutionary processes”. Coding and analyzing the narrative interviews of three employees of Íslandsbanki who were present at the time of the merger of Byr Savings Bank and Íslandsbanki reveals a three-stage evolutionary process of employee sensemaking. The three stages are consistent with Weick’s (1995) enactment-selection-retention model of sensemaking. In the remainder of this section, evidence on sensemaking being an evolutionary process comprising of three key stages is presented from the analysis of the three employee interviews (i.e., Interviewee 1, Interviewee 3 and Interviewee 5).
STAGE 1 - ENACTMENT

- **NOTICING**

All three interviewees noted that they had experienced uncertainties and ambiguities even before the merger of Íslandsbanki and Byr Savings Bank was officially announced. For all the interviewees it was a case of noticing the magnitude of the problems faced by the Icelandic financial system which gave rise to experiences of uncertainty and ambiguity about the future of their organizations. To quote Interviewee 1, “Well we did all know that something would happen to the bank we just did not know what it would be. So this, not knowing, this uncertainty, had been hanging over our heads for a while.....It is really hard working for a company where you know that something is going to happen – you don’t really have any future vision and so on when something like this is hanging over you and that is really hard.” The existence of a similar situation of uncertainty and ambiguity about the future of the organizations, much before the official announcement of the merger, was pointed out by Interviewee 3 as well. Quoting Interviewee 3, “My branch was located in the north of Iceland, a town called Akureyri. The employees were very frustrated and they had been through this before so they did not have much tolerance for this. They felt like they were left out since they were not in Reykjavik where most of the branches and the headquarters are located”. The interviewees noted that the confusions that they experienced regarding the future of their organizations received some kind of solution with the announcement of the merger. In the words of Interviewee 1, “It was really hard and stressful not knowing, so when they told us that we would merger with Íslandsbanki, I found a bit of a relief as well.” However, the relief offered by the merger announcement was temporary as it gave rise to new uncertainties and ambiguities. There were two main uncertain and ambiguous situations that employees faced following the merger announcement. The first was the uncertainty of whether or not one would have a job. According to Interviewee 1, “Well one day they had a meeting for us and told us that we would merger with Íslandsbanki. The following days we had massive layoffs in the bank. Everyone was panicking and people were crying – the employees were stressed not knowing their position yet, would they be let go or would they still have a job tomorrow! I still remember this day clearly, the big layoff day - it was such a hard day. Everyone was called into a meeting and then some had a walking papers and other didn’t. This situation was going on for about two weeks and during this time I was stressed, waiting to know what would happen to me”.
The uncertainty and ambiguity surrounding jobs, following announcement of the merger, was echoed by Interviewee 3 as well. To quote Interviewee 3, “Then the inevitable happen - the terminations. A team came from Reykjavík and called everyone into a meeting, people were panicking and some were crying.” All three interviewees point out that the uncertainties and ambiguities regarding whether or not they would have a job at the end of merger ended with management formally informing employees of a job offer or job redundancy. However, being offered a job and accepting it created new situations of uncertainty and ambiguity for employees as the job roles of majority of the employees in the post-merger organization was considerably different to their previous jobs. This created uncertainties and ambiguities regarding whether they would be able to perform their jobs well and survive in the post-merger organization. Quoting Interviewee 1, “Then I was offered a position at Íslandsbanki. I did not really like that position since it was a whole different from what I had been doing at Byr. But of course I was not going to decline it, at least I had a job, not everyone was so lucky to say that.” This situation is highlighted by Interviewee 3 as well, who notes that, “I was told that they had a job for me in the accounting department in Reykjavik and that was my only option if I wanted to continue working at this bank that was emerging that is Íslandsbanki. I took that job and moved to Reykjavik. The last year I worked for Byr, before the merger, I was in the accounting department. When I started working for Íslandsbanki I was in the accounting department as well but still those two jobs are very different.” Although three different uncertain and ambiguous situations were highlighted by all the three interviewees in the context of the merger of Íslandsbanki and Byr Savings Bank, two of the interviewees discussed only about how they made sense of the uncertainties and ambiguities related to their new job roles in the post-merger organization; while Interviewee 5, discussed about how she made sense of the uncertainty and ambiguity she faced prior to the redundancies being announced as well as the uncertainty and ambiguity related to her new job role in the post-merger organization. None of the interviewees spoke about how they made sense of the uncertainty and ambiguity that surrounded them prior to the merger being publically announced.

**BRACKETING**

In describing the ‘story’ of how they made sense of the uncertainties and ambiguities related to a new job role in a post-merger organization, after highlighting the situation, all three interviewees
in their narratives moved on to explaining certain key differences between their new job role and their previous one. This process of picking out and focusing on specific aspects of the change situation is consistent with Weick et al’ (2005) ‘bracketing’ process. According to Weick et al (2005), once employees notice a situation of uncertainty and ambiguity, the next step involves reflecting on the change situation and trying to discern what are the main differences between the current situation and the past. This process, they termed as ‘bracketing’.

There were six main aspects that Interviewee 1 ‘bracketed’ about the situation where she was faced with uncertainties and ambiguities related to her new job role. The first main aspect was the loss of friends. According to Interviewee 1, “I felt sad over my lost family…all of a sudden I was working with no friends that was a kind of a shock to me…..it was really hard as well being the one who still had their job, I felt a lot of guilt toward my friends who lost their job…. I was struggling with these feelings. This was kind of like ripping a band aid off, not like taking the band aid of gently.” The second aspect which Interviewee 1 highlights is the relatively large size of the post-merger organization owing to which relationships among staff and the communication channels was very different to that which existed in her previous organization (Byr Savings Bank). Quoting Interviewee 1, “Byr had around 200 employees where Íslandsbanki has over 1200 employees. That is not the same thing. The culture is so different, Íslandsbanki is such a big bank. Everything is different, for example the organizational chart……In Íslandsbanki that are different communication channels……It is a new process that you have to learn.” The third main aspect of the change situation which Interviewee 1 brackets is the scrutiny from the existing employees of Íslandsbanki which she has had to endure following the merger. In the words of Interviewee 1, “And I felt like, and that is understandable, that the employees at Íslandsbanki were checking me out, my work skills and that was a pressure set on me on top of everything else”. The fourth key aspect of the situation, highlighted by Interviewee 1, was the difference in the job responsibilities itself: “It didn’t help that I was not doing the same job at Íslandsbanki that I was doing at Byr. It was totally different. The position I got at Íslandsbanki was to work on consolidated balance sheet – that is financial analysis and cost control. Nothing like what I was doing at Byr.” Lastly, Interviewee 1 highlighted the shifts in positions of many employees on the organizational ladder as a result of the merger as another major aspect of the change situation: “Our executive at Byr for example was now just a normal employee at Íslandsbanki, well he had a great position at Íslandsbanki but still he was not our boss anymore.” However, Interviewee 1 also brackets a
positive aspect of the situation, which is to be able to work in such a large organization, owing to the merger, where there are more opportunities for growth.

Five key aspects of the situation were highlighted by Interviewee 3 as well, some of which overlaps with those bracketed by Interviewee 1. For example, similar to Interviewee 1, Interviewee 3 points out the losing of friends as a major aspect of the change situation. Quoting Interviewee 3, “I still felt guilt towards other employees, my friends that did not get the opportunity that I got at the time”. However, Interviewee 3 is quick to note that while many made redundant, there were many employees who had given up the jobs offered to them as well: “But on the other hand there were quite a lot of employees that said no to be rehired, they were simply offended and upset and they just had enough. I think this branch was the only branch were so many people actually turned down the new job”. Another aspect pointed out by Interviewee 3 which was similar to that highlighted by Interviewee 1 was the large size of the post-merger organization which had a significant impact on how communications took place within the organization and the relationship among staff. More precisely, according to Interviewee 3, “The department here at Íslandsbanki is so much bigger then it was at Byr. Byr is smaller and less hierarchical company so the two of us covered several bases due to the company's limited resources. On the other hand the organizational culture or the social environment or atmosphere is very different……At Islandsbank it is more serious and less personalized environment. I was much closer to my coworkers at Byr than I am to the employees at Íslandsbanki, I knew every single name.” A third key aspect highlighted by Interviewee 3 as well is the scrutiny of the existing employees of Íslandsbanki: “What I found stressful was that most of the people at Íslandsbanki had been working there for a long time and I was the new girl, but I guess that is always the case when you start a new job.” However, Interviewee 3 highlighted a number of positive aspects of the situation also. For instance, Interviewee 3 notes a positive aspect of the large size of the bank: “Since Íslandsbanki is a big organization it has advancement and growth opportunities.” Also comparing differences in the way in which work is carried out at the post-merger organization to her previous organization, Interviewee 3 points out that “On the other hand Íslandsbanki is much more professional in every way that is my opinion at least….At Byr we were just two doing this job but we are like 15 doing it here at Íslandsbanki and the project for each and everyone is so much specialized here….How they run things and keep track of everything is very unlike to what
we used to know in Byr. At Íslandsbanki it is easier to find and to analyse data - and that makes what I do easier.”

Similar to Interviewees 1 and 3, the large size of the post-merger organization and the associated issues with respect to communication and relationship building was highlighted by Interviewee 5 as well, as a major aspect of the change situation. Quoting Interviewee 5, “This Company is so big and everyone just bonds with their own department, I guess that is understandable…. But still... they should at least know what the department above them works at all day long. Another thing, I often get emails from other employees but I don’t know their faces, just their name that is very different from Byr.” Resistances in incorporating the best of the two organizations that had merged, despite the slogan of the merger being ‘best of both’, was another major aspect of the change situation highlighted by Interviewee 5. The interviewee explained this by citing the example of the cashier system that was in use at the post-merger organization. The system was the one which was previously used by Íslandsbanki bank and was very primitive. Despite Byr Savings Bank having developed a user-friendly system prior to the merger, this system was not used. However, Interviewee 5 notes that with some persistence it was possible to get senior management to live up to their slogan ‘best of both’: “…there was no way in hell they were going to use that program, and that just didn’t make any sense to me. But I did not give up and I finally got it through to get permission to use this program! But it took hell of a long time. But now they have spread it around the company and everyone simply loves it so I’m really pleased I did not give up on this.” Besides these two negative aspects of the situation, Interviewee 5 also highlighted two positive aspects. The first was the fact that the social life outside of work was much more active outside of work: “The managers organize all kinds of events for their departments – from ice skating with the families to parties for adults. I like that about Íslandsbanki – they really give in to this employee bonding aspect of the work”. Also unlike the other two interviewees, Interviewee 5 did not lose her friends as a result of the merger which was a positive aspect. To quote Interviewee 5, “I think it really helped me that I did get transferred to this department alone – I had my friends with me, that changes everything. Besides that there were familiar faces here and there from Byr and that helped as well”.
STAGE 2 – SELECTION

It is evident from the previous section that all three interviewees had bracketed positive and negative aspects of the uncertainties and ambiguities concerning their new job role – more negative and less positive aspects. However, all the three interviewees ‘selected’ positive meanings from the aspects that they had highlighted and consequently their response (i.e., actions) to the change was very positive. In other words, they adjusted well to the change, with little to no negative consequences such as resistance to the change or quitting the job. To quote Interviewee 1, “First I was kind of negative and stressed. Then I started seeing the positive sides of the situation and use that for my own benefit. For example today I have the dream job....”. A similar response to the change situation was exhibited by Interviewee 3, who points out that, “But then again I do like the work environment better here at Íslandsbanki even though I like the social environment better at Byr. I function well in this organized structure and I like having a specialized job area that results in increased expertise in that particular area for me. Since Íslandsbanki is a big organization it has advancement and growth opportunities....” Finally, quoting Interviewee 5, “But now I’m just adjusting to this new job, trying to find out if this suits me. My group is still on this floor but not in my department. They are still working together and they stick together. But I’m working with great people now too – and I have to give them a chance and get to know them, it would be rude not to bond with my new group.”

An important point that has been found from the analysis of the narrative interviews is that previous life experiences and previous experiences of organizational mergers, i.e., retrospective memory, has had the most significant impact on these employees’ selection of the positive aspects of the situation and hence respond positively to the change. For example, previous life experiences have had a significant impact on how Interviewee 1 made sense of the change. To quote Interviewee 1, “I know that everyone tries to help both inside the company and outside, but in the end you will just have to find your own way and decide how you are going to tackle the obstacles that come your way.” On the other hand, prior first-hand experience of organizational mergers has had a significant impact on how Interviewee 3 responded to the change situation. More precisely, Interviewee 3 had previously worked for Sparisjodur which later merged with Byr Savings Bank, so the interviewee had experience of mergers previously. This experience in turn influenced how she interpreted the Íslandsbanki-Byr Bank merger. Quoting Interviewee 3, “So I think “Best from
Both” was not relevant, but I mean these organizations are very different and of course in a perfect world the result from “best of both” would have been the case here. But the world is not perfect is it? We have good things coming from Íslandsbanki – it is not all bad… [Also] in the end I think everyone has to take care of themselves in situation like this.”

However, leadership, which has been theorized by Weick and other previous researchers as a critical factor for the success of change initiatives, has emerged as having been relatively ineffective in positively influencing employees’ sensemaking in the context of Íslandsbanki and Byr Bank’s merger. In fact two of the interviewed employees pointed out that leaders did not play an active role in helping employees interpret the change initiatives and this had a very negative effect on the sensemaking of many employees. Reflecting back on her experience, Interviewee 1 notes that “When thinking back I think that we would have needed more support, some kind of a follow up for them who kept their job because it was really hard as well being the one who still had their job…And for some it was quite hard, some of the employees that got a job at Íslandsbanki quit themselves after a while, they just didn’t get comfortable in this new environment and had a hard time adjusting.” A similar view is held by Interviewee 3 who notes that the merger and associated redundancy was announced in a group meeting to which all the employees of her branch were called; there was no one-to-one meeting between the managers and employees, before or after the announcement. This had a very negative influence on many of the employees who were offered jobs. To quote Interviewee 3, “….there were quite a lot of employees that said no to being rehired, they were simply offended and upset and they just had enough….” In line, the interviewee also adds that “[leaders] should proactively create communications strategies that bring out effective communications because in my opinion, no communication has negative effects, instead of neutral effects – that is how I felt at least during the merger.” The ability of leaders to positively influence employee sensemaking, if they use the right tactics, is also evidenced from Interviewee 5’s narrative about how she made sense of the uncertainty and ambiguity related to job redundancy that faced employees once the merger was officially announced. According to Interviewee 5, “I realized that there would be layoffs, to a great extent. Indeed, it had crossed my mind that it would be hard to replace me since this project is very specific and someone had to keep doing it once the merger would go through, so I kept telling myself that they would need me….” It can be interpreted from this account of Interviewee 5’s experience that both retrospection and leader sensegiving had a significant influence on how the
interviewee interpreted the change situation. This then brings our attention to what are the most effective leader sensegiving tactics. The tactics used by leaders for giving sense to employees during the merger of Íslandsbanki and Byr, and their relative ineffectiveness, is discussed in more detail in section 4.3.3.

Thus, the role of retrospection in aiding employees to interpret complex situations can be concluded from the results obtained to be a necessary and a desirable one. Along with retrospection, the role of leader in helping employees make sense of complex situations is also crucial as it allows for contrasting views to be reconciled, diminishes ensuing uncertainty and ambiguity, and enhances collaboration by creating a sense of purpose.

STAGE 3 - RETENTION

Although the narrative interviews as such do not provide direct evidence of retention in the sensemaking process, the very significance of retrospective memory in influencing employees’ sensemaking in the context of the merger of Íslandsbanki and Byr Savings Bank, suggests that the knowledge that individuals gain from their experiences of facing uncertain and ambiguous situations are retained in their memory for future reference.

4.3.2 Leader Sensemaking: The Significance of Reflection-in-Action

The narratives of the two middle managers who were interviewed in this study (Interviewee 2 and Interviewee 4) also shared that they were stressed when faced with the uncertainty and ambiguity related to whether or not they would have a job or not in the post-merger organizations. Quoting Interviewee 2, “I did know something about who would get hired at Íslandsbanki, I did not know about everyone but I knew about some. Still I didn’t know about myself, I knew that there was someone already doing my job at Íslandsbanki so they wouldn’t need me to do that specific job at least. That was really stressful, both taking care of the employees as well as dealing with the stress of maybe losing my job or at least not getting the same position.” A similar experience was shared by Interviewee 4 who pointed out that “as for myself, I was one of the last to know about my future with Íslandsbanki, my branch was the last branch that was dealt with. On top of everything they
had already, as I mentioned before, decided to close my department, S24, so I was very uncertain about my future.” This finding is in line with those of many previous researchers who also postulated that leaders face similar stress when faced with change situations as do employees, yet, they differ with regard to how they make sense – employee’s sensemaking is influenced by reflection-on-action, while leader sensemaking is influenced by reflection-in-action (Raelin, 2001). It was evident from the narratives of the two managers that when faced with adversities, rather than stepping back and reflecting on it before taking any action, they would reflect and respond appropriately to the situation, while in the midst of action. For example, faced with worries about her own and her employees’ future would be, Interviewee 2 felt calm when she was informed that she would be involved in the decision making processes related to the redundancies and job offers: “First when everything started it was stated that the middle managers (including myself) would take a great participation in the process of the merger. Everything was set to be very organized with full participation and so on…..” However, “then it turns out that they had pretty much decided everything beforehand and that was kind of strange and a bit of a betrayal to my employees and me…….” Despite this apparent betrayal, the interviewee did not react negatively in the situation by quitting her job or spreading negative information about the organization to her employees or distancing herself from the announcement of the terminations. In fact although she had the option of having headquarters staff announce the redundancies to her employees, the interviewee herself volunteered to communicate this to the employees: “I wanted to do this myself - that is to tell my employees that they would lose their jobs, I didn’t want someone from Islandsbanki to do that so I took care of that.” The ability of the interviewee when faced with an adversity, to reflect on why the organization might not have included her in the decision making process, and to respond positively in the situation, is characteristic of ‘reflection-in-action’.

4.3.3 Leader Sensegiving

- **THE USE OF DISCURSIVE TACTICS ALONE IS INEFFECTIVE**

As pointed out in the previous section, two middle managers of the currently defunct Byr Savings Bank were interviewed in this study (Interviewee 2 and Interviewee 4). In their narrative interviews, both managers spoke about how they helped give sense to employees in the context
of the uncertainty and ambiguity that surrounded them prior to the merger being publically announced and after the merger was announced, but the redundancies were not. As their roles changed post-merger, with both of them not occupying the same managerial positions in the post-merger organization, they were unable to throw light on how leaders in the post-merger organization gave sense to employees. The narratives of both managers about how they helped employees make sense in the change situations reveals an underlying opposition for a leader that is emotional (empathetic with the employees’ concerns and emotional state) and greater preference for a leader that is rational (concerned with achieving the firm’s objectives). The narratives were clear in showing that from the leaders’ perspective helping employees make sense of the merger as a positive or desirable organizational process seems possible only by communicating in a rational manner, which by being so had to entirely neglect the employees’ feelings.

Interviewee 2 was the head of the service center of Byr Service Bank prior to its merger with Íslandsbanki. Reflecting on the uncertainty and ambiguity that existed prior to the merger was announced, Interviewee 2 says that “since 2009 when the state took over Byr. Then the uncertainty started. We went on and on about what would happen’. ‘I was responsible for 25 employees I had to have a face and try to make the employees not feel how stressed I was. I got more information than my employees and that was hard as well to keep that from them, keep information from my coworkers and friends”. She used a similar tactic in helping employees make sense of the change situation that faced them after the merger was announced but the redundancies were not. To quote Interviewee 2, “During the process the employees were really stressed, they asked a lot of questions and the only way to calm them is with information. I told them as much as I possibly could at a certain time. I tried to prepare them for what was coming, that is the layoffs, but as one can assume they already knew that not everyone would get to continue once the merger went through.” A similar behavior was exhibited by Interviewee 4 in giving sense to employees when they were facing uncertainties and ambiguities regarding whether or not they would have a job post-merger. In the words of Interviewee 4, “As one can imagine, change is always difficult for employees, and especially if they are not directly involved in the process and not involved in decisions that impact their jobs….I do realize that change is a natural force in the business world – so you just have to be brave and I tried as hard as I could not to become dramatic about the whole thing.”
Clearly, both the interviewees tell their story from a leadership perspective. It is also evident from their narratives that they are not only concerned about themselves but also for those below them. However, their conscious effort to conceal their emotions is interesting to note because it reveals a rational approach to the merger and to its consequences. Both these interviews are highly interesting in this respect. On the one hand it shows how the emotional aspect is seen as necessarily at odds with the business strategic interests. It also shows how their perception of leadership is one in which support must be devoid of emotions, in order to be effective. This may be a marker of the Icelandic culture or a personal response of these interviewees to the situation.

Whichever be the case, it is evident from the analysis of the employee narratives presented in section 4.3.1 that the use of discursive tactics alone by the leaders for helping employees make sense of the change situations was highly ineffective. The large number of employees declining to be a part of the post-merger organization despite being offered a job and many even quitting after a few weeks / months of joining the post-merger organization – a fact acknowledged by the two leaders interviewed in this study themselves is in itself evidence that the sensegiving tactics employed by the middle managers were ineffective. Quoting Interviewee 2, “When interviewing employees regarding the merger we asked them if they were interested in working for Íslandsbanki and it turns out not everyone were up to that so they quit themselves....Some of the employees that wished to continue and work for Íslandsbanki they quit after a month or so, turns out they couldn’t do it, it was just too different and too much for them... The first months were really challenging since I still felt responsible for my employees even though they did not work “for me” anymore. I was still worried about them and I felt guilty when some of them quit themselves and so on.” A similar response was provided by Interviewee 4 as well, according to whom, “Some employees were negative from the start and in the end they just quit.”

Although the two managers interviewed for this study acknowledge that the response of majority of the employees to the merger has not been positive and that a lot of the employees who are continuing to work in the post-merger organization face emotional stress even months after the merger has taken place, they do not fault their sensegiving tactics but instead rationalize their actions and are of the view that the employees’ response to the change situations is natural and there is nothing they could have done differently which could have changed how employees
respond to the change. This is evident from the following quotes, Interviewee 2, “I was still worried about them and I felt guilty when some of them quit themselves and so on. But things like this just take time.”; Interviewee 4, “When two organizations merge it takes time to adjust to each other’s culture and working habits. After all this time we still refer to “us” and “them” – we do it this and that way and they do it this and that way. We are not a whole union yet – I think that will take years.”

This study shows that with their perception that emotions are an irrational aspect of human behavior which can be readily neglected without consequence, leaders failed in their communications in the case of the Byr and Íslandsbanki merger. This failure had consequences on employees’ ability to make sense of the event. It also had consequences on employees’ emotional attachment to the post-merger organization and, thus, on their commitment to the merger. It is thus evident from the ineffectiveness of the leaders in positively influencing the sensemaking of employees in the context of the merger of Íslandsbanki and Byr Savings Bank that communicating in a logical and rationale manner (discursive tactics) is alone not sufficient. Kelley and Bisel (2013, p. 3) seem to be right on the spot when they say: “Organizational members often glorify rational argumentation as the preferable mode of discourse in work settings; however, this preference by no means should suggest rational argumentation is the only mode of discourse present in these contexts”. Consistent with the postulations of previous researchers, it is in fact clear from the employee narratives that building relevant social settings for communicating and dealing with the emotional responses of employees are also important. Precisely, most employees were faced with emotionally charged moments characterized by feelings of stress, sadness and guilt, prior to and after the news of the merger was announced. However, only in retrospect, were many of the employees able to provide a plausible meaning to the event, rationalize and accept the changes undertaken; while those whose retrospective memory could not support them in making sense of the situations ended up negatively responding to the change situation. Clearly, dealing with such ensuing emotions in a more productive manner seems only crucial for a successful merging process.
• COMMUNICATING TOO LITTLE INFORMATION (DISCURSIVE) WITH EMPLOYEES IS INEFFECTIVE

Although the managers who were interviewed in this study stressed that communicating information in a rational manner, i.e., to use discursive tactics, is the most effective way of giving sense to employees, they also stress that too much information should not be shared with the employees in the context of uncertain and ambiguous situations created by large scale changes such as mergers. For example, reflecting on the situation prior to the merger was announced, Interviewee 2 asserts that “I got more information than my employees and that was hard as well to keep that from them, keep information from my coworkers and friends. As soon as I had something to inform them about I did – I held a meeting for them and sometimes that helped to calm them down.” Similarly, when reflecting on how she dealt with the situation post the announcement of the merger, Interviewee 2 says that “During the process the employees were really stressed, they asked a lot of questions and the only way to calm them is with information. I told them as much as I possibly could at a certain time.” Interviewee 4 appears to have taken a similar stand with regard to the amount of information that can be shared with employees. Quoting Interviewee 4’s statement related to the uncertain and ambiguous situation that existed after the merger was announced, “So the executives/managers obviously knew more than other employees but they were unable to discuss it with employees for a number of reasons. This failure to communicate obviously results in a stress, not so much for the change itself but rather for the uncertainty about their future. I can say for myself that I was stressed and I felt the stress of others as well and I think lack of communications is the reason mainly for that. But thinking back, I know that the managers cannot just say everything to anyone who wants to hear it; during a merger like this one everything is very confidential for a number of reasons.”

Clearly both the interviewees acknowledge that holding back information did not held in easing the anxiety and stress that employees experienced during these situations. However, interestingly enough, although both interviewees justify their inability to be very transparent in their communications with the employees alleging the existence of important reasons, yet they never actually mention what these reasons are. It is evident from the employee narratives as well and was also highlighted in section 4.3.1 that employees were for the major part kept in the dark which in turn had a negative influence on how they interpreted the change situations. While employees
were faced with the uncertainty and ambiguity surrounding the future of the organization, despite having a clear idea that a merger would take place, the managers chose to wait for a public announcement to be made regarding the same rather than to share any kind of information with the employees prior to it. Even after the announcement of the merger with employees left stressed and worried about whether they would be offered a job or made redundant, and those offered jobs left worried about the differences in their new job role, the managers chose to convey only the corporate messages. This apparent lack of transparent communication with the employees had a significant negative influence on the sensemaking of many employees, particularly those for whom retrospection also did not support positive interpretation of the change. Clearly, rather than avoiding communications, due to fear of complexity or misunderstanding, a simple and coherent message should be pursued by managers for effective sensemaking. The importance of doing so has been highlighted by previous researchers as well. Disruptions, such as the ones produced by a merger, trigger in employees the need to understand any such disruption as meaningful. Hence, instead of relying solely on corporate messages, engaging in continuous, transparent communication with employees, explaining to them the expected outcomes of the situations and why it is beneficial for the employees on a person level as well as necessary for the organization is crucial for effective employee sensemaking. Also in the context of large scale organizational changes such as mergers, even if the managers are bound by confidentiality agreements from disclosing information about how the organization will respond in the financial crisis or who would be offered jobs post-merger, they should develop the ability to communicate information without divulging exact details. For example, when faced with uncertainty and ambiguity regarding what would be the future of Byr Savings Bank in the context of the financial crisis, the managers without divulging that the bank would for certain merge with another bank, could have discussed with the employees the possible options that the bank could take and how no matter which option the bank would take, the welfare of the employees would be a primary concern. This way the employees would have felt calmer and when the merger eventually was announced, they would interpret it as having been done by the bank out of necessity. In other words, the employees would have perceived the merger more positively.
V. CONCLUSIONS

5.1 Introduction

A summary of the current research, right from its aims and objectives to its findings, is presented in this chapter. Additionally the limitations of the research will be acknowledged, and recommendations for future studies will be discussed.

5.2 Summary of the Research and main conclusions

The research conducted was motivated by the growing interest in the field of organizational studies for furthering understanding of the concepts of employee sensemaking and leader sensegiving, given the significance of these concepts for the success of organizational change initiatives. Considering the high failure rate of large scale organizational changes in particular, this study focused specifically on one such organizational change, namely, mergers, and it set out to explore what constitutes effective employee sensemaking and leader sensegiving. Specifically, this research aimed at exploring the key characteristics of the employee sensemaking process, the factors that are important for effective employee sensemaking, how leader sensemaking differed from employee sensemaking, and the sensegiving tactics that can aid in effective employee sensemaking. In line with the exploratory nature of this research, the interpretivist approach was deemed as the most appropriate methodology for fulfilling the research objectives. Owing to practical constraints, a single case study was chosen in this research for exploring the employee sensemaking and leader sensegiving processes at play. The selected case study was the merger of two Iceland banks, namely, Íslandsbanki and Byr Savings Bank. Drawing from secondary sources, a background to the merger was created. This helped understand the particular complexities that surrounded the merger. Employees and middle managers of the two separate organizations prior to the merger and, employees and middle managers of the newly formed post-merger organization were the population of interest. However, considering the qualitative nature of this research, collecting data from the entire target population or even a large sample was beyond the scope of this research. Hence, a relatively small sample comprising of three employees, all of who had
previously worked for Byr Savings Bank and continue to work in the post-merger organization; and two middle managers, both of who had previously worked for Byr Savings Bank and continue to work in the post-merger organization, were chosen based on convenience. The narrative interview method was used for collecting data from the research sample. Using this data collection method, the gathered data was in a story format with employees and middle managers describing their experience as they would tell a story. The content analysis method was used for analyzing the interview narratives. One of the main findings that emerged in the analysis was the evolutionary nature of the employee sensemaking process. Specifically, the study found that employee sensemaking evolves through three distinct stages, commencing with noticing the situation of uncertainty and ambiguity, bracketing few key aspects (positive and / or negative), interpreting the meaning of the situation based on the bracketed aspects, and finally retaining memories of the sensemaking experience. This finding is consistent with that of Weick’s (1995) enactment-selection-retention sensemaking model. The current research also found that for employees who responded positively to the change, retrospective memory, especially memory of past life experiences and past experiences of facing mergers, had the most significant influence. However, a lot of the employees failed to adjust well to the change situations. This was found to be owing to the ineffectiveness of middle managers in helping employees make sense of the change. Specifically, the research found that the middle managers, for the major part, used discursive tactics alone for giving sense to employees and they opposed the use of symbolic tactics. However, the research findings showed that such opposition served no purpose but to justify the avoidance of clear and transparent communications between the managers and employees. In fact using symbolic tactics in addition to discursive tactics is crucial for helping employees to deal with their emotions effectively and to interpret the change situations positively.

The study also found that sharing limited discursive information is ineffective in positively influencing employee sensemaking.

5.3 Limitations of the Research

This research has a number of methodological limitations. One of the major limitations of the research is the focus on a single case study, i.e., the merger of Íslandsbanki and Byr Savings Bank, owing to which the generalizability of the research findings is limited. Also the merger chosen for
study in this research took place under such unique economic circumstances that there can be bias towards dramatic events and characterizations. This may not be the case in mergers that take place in more favorable economic conditions wherein employees’ job are not at risk. In other words, this case study is not typical of all mergers. It is due to these circumstances that the generalizability of the results obtained in this research is very limited. Only a single case study was used in this research owing to the difficulties in gaining access to another organization that had undergone a merger recently and collecting data within the time constraints of this research. Use of multiple case studies would have enabled comparing and contrasting of the data and in turn would have allowed generating more solid research conclusions. Another methodological limitation of the present research is the use of a single data collection method owing to which triangulation benefits could not be achieved. More precisely, the reliability and validity of the data is limited. Furthermore, the data validity and reliability is also affected by the fact that the research used a very small sample, which excluded employees and managers who worked for Íslandsbanki and Byr Savings Bank prior to the merger but did not continue to work in the post-merger organization, as well as employees and managers who worked for the larger Íslandsbanki bank prior to the merger and continue to work at the post-merger organization. All the research participants used in this study were those who had previously worked by Byr Savings Bank and continued to work in the post-merger organization. The non-representative sample could have introduced bias in the research findings.

5.4 Recommendations for Future Research

Following from the limitation of small sample size highlighted in the previous section, a recommendation for future researches is to use a sample which is more representative of the target population. This would greatly enhance the validity and reliability of the data collected. Another recommendation for future researches is to take into account the peculiarities of the national cultures of the two merging organizations and its impact on employee sensemaking and leader sensegiving. Although the case study explored in this research was based in Iceland, the cultural particularities of Iceland and its impact on how employees make sense and how leaders give sense was not explored. A third area related to the topic of leader sensegiving which deserves further attention is the role of communication channels in enhancing the effectiveness of leader
sensegiving. More precisely, further research is necessary to understand whether certain communication channels (e.g. face-to-face meetings, video conferencing, informal chats etc) are more effective than others in helping employees make sense of the change situations.
VI. REFERENCES


VII. Appendix

Interview 1

Tell me about your work at Byr

I began working for Byr when I finished my BSc degree in business in May 2007. I wanted to work with something related to my study and I applied for a job everywhere and then position at Byr. I had some connections into Byr so I finally got a job there, as a treasurer – taking care of liquidity for the bank. I really enjoyed working at Byr, the bank is rather small so we all had a great chance to get to know each other on other level than just work related.

You were working when the merger happened – tell me about that

Well we did all know that something would happen to the bank we just did not know what it would be. So this, not knowing and be in the uncertainty, had been hanging over our heads for a while. It was really hard and stressful not knowing, so when they told us that we would merge with Íslandsbanki I found a bit of a relief as well. It is really hard working for a company where you know that something is going to happen – you don’t really have any future vision and so on when something like this is hanging over you and that is really hard.

What happened then…..

Well one day they had a meeting for us and told us that we would merger with Íslandsbanki. The following days we had massive layoffs in the bank. Everyone was panicking and people were crying – the employees were stressed not knowing their position yet, would they be let go or would they still have a job tomorrow! I still remember this day clearly, the big layoff day - it was such a hard day. Everyone was called into a meeting and then some had a walking papers and other didn’t. This situation was going on for about two weeks and during this time I was stressed, waiting to know what would happen to me. Then I was offered a position at Íslandsbanki. I did not really like that position since it was a whole different from what I had been doing at Byr. But of course I was not going to decline it, at least I had a job, not everyone was so lucky to say that. So the next weeks / months everything started to change, some were transferred to other branches
or to the headquarters other stayed behind finishing up some paper works and other unfinished projects. Gradually we started working with Íslandsbanki – contacting the employees there regarding some work we were doing. Then at some point before Christmas we stopped working for Byr and we were just working for Íslandsbanki. That was again a relief but still I felt sad over “my lost family”. Byr had around 200 employees where Íslandsbanki has over 1200 employees. That is not the same thing. So all of a sudden I was working for a huge bank with no friends that were kind of a shock to me.

Go on……

When thinking back I think that we would have needed more support, some kind of a follow up for them who kept their job because it was really hard as well being the one who still had their job, I felt a lot of guilt toward my friends who lost their job. My friend who had been sitting next to me for years was let go but I still had my job and that was really hard. I was struggling with these feelings but the attention was on the ones who lost their job and I do understand that. But I would have wanted more follow up for those who quit as well as the ones that kept their job. This was kind of like ripping a band aid off, not like taking the band aid of gently. It is to be considered as well that we were going into a different company without asking for it. I kept my job but I was still forced to do this. It helped that I got warm welcome when I started working in the new department. But I felt like the first 3 months where really difficult. It didn’t help that I was not doing the same job at Íslandsbanki that I was doing at Byr. It was totally different. The position I got at Íslandsbanki was to work on consolidated balance sheet – that is financial analysis and cost control. Nothing like what I was doing at Byr. So basically I was going into a new work place with new people and doing a different job. And I felt like, and that is understandable, that the employees at Íslandsbanki were checking me out, my work skills and that was a pressure set on me on top of everything else. I think it is different when you start working at a new place and you sought for it yourself – but as I said I did not have a choice. I was perfectly happy at my old workplace with my friends and I did not wish for this. So it took me about 3 months to adjust – the culture is so different, Íslandsbanki is such a big bank. Everything is different, for example the organizational chart. In Byr if I needed to know something I just walked up to that person and asked. In Íslandsbanki that is a different communication channels, you leave a message and then other person forwards it and then in a while you get an answer to your question, so it is more stratified here at Íslandsbanki. It is a new process that you have to learn. And for some it was quite
hard, some of the employees that got a job at Íslandsbanki quit themselves after a while, they just didn’t get comfortable in this new environment and had a hard time adjusting. What is interesting as well is how they handled the ones what had a maternity leave when the merger was happening. They offered them a job, but a totally different job that what they had before, kind of knowing that they would turn the job down. I found that was insulting to them, instead of letting them go they made sure they would go themselves.

Some employees got the same job description as they had before but as said before not everyone. Our executive at Byr for example was now just a normal employee at Íslandsbanki, well he had a great position at Íslandsbanki but still he was not our boss anymore. Then he actually resigned and has another job now. Well then in the end I think everyone has to take care of themselves in situation like this. First I was kind of negative and stressed. Then I started seeing the positive sides of the situation and use that for my own benefit. For example today I have the dream job, I’m working as an event planner in the marketing department and I just love that job. I know that everyone tries to help both inside the company and outside, but in the end you will just have to find your own way and decide how you are going to tackle the obstacles that come your way

**Interview 2**

*Tell me about your work at Byr*

I started working at Byr’s predecessor in 2005 and then 2007 they become Byr. I was head of the service center, meaning I was head of the bank clerks and the service representatives. Now in Íslandsbanki I’m business manager of individuals. That’s very different since I was not facing the customer before.

I really loved working at Byr, such a cozy small place where you know everybody and everybody knows you. In Íslandsbanki you have to use different lines of communications, you cannot reach whoever you want when you want – you have to follow a certain procedure.

*You were working when the merger happened – tell me about that*
Well that had been uncertain times for Byr for a while, since 2009 when the state took over Byr. Then the uncertainty started. We went on and on about what would happen. Would Byr just be let go, or would Byr merge with someone and if so then who and how…. So it was kind of a stressful situation. But since I was responsible for 25 employees I had to have a face and try to make the employees not feel how stressed I was. I got more information than my employees and that was hard as well to keep that from them, keep information from my coworkers and friends. As soon as I had something to inform them about I did – I held a meeting for them and sometimes that helped to calm them down.

I did know something about who would get hired at Íslandsbanki, I did not know about everyone but I knew about some. Still I didn’t know about myself, I knew that there was someone already doing my job at Íslandsbanki so they wouldn’t need me to do that specific job at least. That was really stressful, both taking care of the employees as well as dealing with the stress of maybe losing my job or at least not getting the same position. Then when everything was over I got to know that they wanted to keep me and gave some options about field of work within Íslandsbanki and then I went to job interview to and got this job.

First when everything started it was stated that the middle managers (including myself) would take a great participation in the process of the merger. Everything was set to be very organized with full participation and so on….. But then it turns out that they had pretty much decided everything beforehand and that was kind of strange and a bit of a betrayal to my employees and me. Then I had to help with the layoffs – one day we had to let many go and that was hard and painful, but that is just a part if this I guess. But I wanted to do this myself - that is to tell my employees that they would lose their jobs, I didn’t want someone from Íslandsbanki to do that so I took care of that.

During the process the employees were really stressed, they asked a lot of questions and the only way to calm them is with information. I told them as much as I possibly could at a certain time. I tried to prepare them for what was coming, that is the layoffs, but as one can assume they already knew that not everyone would get to continue once the merger went through. As one can imagine we did not hire into Byr for a long time, for example when someone had a maternity leave we did not hire replacement just to keep things more simple when the time of the merger came. When interviewing employees regarding the merger we asked them if they were interested in working
for Íslandsbanki and it turns out not everyone were up to that so they quit themselves. And then it came to my place to decide who is best suited for Íslandsbanki and who is not and that was quite hard. I had to take my emotions aside and just focus on what is best for the company not what I felt like. That was a big challenge. Some of the employees that wished to continue and work for Íslandsbanki they quit after a month or so, turns out they couldn’t do it, it was just too different and too much for them. As for myself I have adjusted well here in Íslandsbanki, I just decided to focus on that this was a good thing not a bad thing, that is the merger. The first months were really challenging since I still felt responsible for my employees even though they did not work “for me” anymore. I was still worried about them and I felt guilty when some of them quit themselves and so on. But things like this just take time.

I was afraid that once the merger became clear the morale would change at Byr. I was worried that the employees would get competitive with each other and as one can imagine that could result in conflicts. It did turn out that I did not have to worry about that – I think I can say the opposite for my employees, they just got tighter if anything and I think the reason is how small Byr is/ well Byr was.

Interview 3 Akureyri

Tell me about your work at Byr

I started to work n 2005 for Sparisjodur, later Byr. My first job at Byr was to answer the phone. I was still in high school at that time so this was just a part job in the winter and then I worked the summers until I graduated. I worked my way up, phone, cashier, and service center and then when I graduated then I started to work as a service representative for individuals. The last year I worked for Byr, before the merger, I was in the accounting department. When I started working for Íslandsbanki I was in the accounting department as well but still those two jobs are very different. The department here at Íslandsbanki is so much bigger then it was at Byr. At Byr we were just two doing this job but we are like 15 doing it here at Íslandsbanki and the project for each and everyone is so much specialized here. Byr is smaller and less hierarchical company so the two of us covered several bases due to the company's limited resources.
You were working when the merger happened – tell me about that

Well it was very stressful. Some of the people had been working there for such a long time so the atmosphere was not very pleasant at times. I was working with the numbers so I could see what was happening - but still I could not say anything to anyone. My branch was located in the north of Iceland, a town called Akureyri. The employees were very frustrated and they had been through this before so they did not have much tolerance for this. They felt like they were left out since they were not in Reykjavik where most of the branches and the headquarters are located. The person that was head of my branch was just as confused as the other employees so that did not really help the situation - she is not really emotional either so she didn't know how to deal with the whole situation. I do know for a fact that the women in my department, including me, were not doing so well at this time, it was really hard. Organizations should proactively create communications strategies that bring out effective communications because in my opinion, no communication has negative effects, instead of neutral effects – that is how I felt at least during the merger.

Then the inevitable happen - the terminations. A team came from Reykjavik and called everyone into a meeting, people were panicking and some were crying. I was told that they had a job for me in the accounting department in Reykjavik and that was my only option if I wanted to continue working at this bank that was emerging that is Íslandsbanki. I took that job and moved to Reykjavik; well I wanted to move anyways so that was a plus for me as well to get this opportunity. I still felt guilt towards other employees, my friends that did not get the opportunity that I got at the time. But on the other hand there were quite a lot of employees that said no to be rehired, they were simply offended and upset and they just had enough. I think this branch was the only branch were so many people actually turned down the new job.

We were merging with one of the big banks and that is a big change for employees coming from a small bank. What I found stressful was that most of the people at Íslandsbanki had been working there for a long time and I was the new girl, but I guess that is always the case when you start a new job. On the other hand Íslandsbanki is much more professional in every way that is my opinion at least. How they run things and keep track of everything is very unlike to what we used to know in Byr. At Íslandsbanki it is easier to find and to analyze data - and that makes what I do easier. On the other hand the organizational culture or the social environment or atmosphere is
very different. At Byr we were really laid back but at Islandsbank it is more serious and less personalized environment. I was much close to my coworkers at Byr than I'm to the employees at Islandsbanki, I knew every single name. But then again I do like the work environment better here at Islandsbanki even though I like the social environment better at Byr. I function well in this organized structure and I like having a specialized job area that results in increased expertise in that particular area for me. Since Islandsbanki is a big organization it has advancement and growth opportunities. But then again working at a less hierarchical company like Byr and doing a lot of jobs at the same time can give you a great experience as well. So as you can see both is better but still very different.

There has been a lot of workload for me before the merger as well as after the merger. We had to go over all the financials for weeks and we worked like 12 hours every day. During the merger I was in both organizations, I went to work with Islandsbanki to prepare and then I went again to Byr to close the deal with them and that took few weeks. Now we have everything kind of settled, it has taken months and months to combine the financials of the two banks and that is understandable, it is a process. Now I'm working mostly on the internal financing for the bank and I feel that the storm is almost over. Everything is falling into place. But then again what does that mean for me? I was very important when combining the finances and I was valuable since I was the link from Byr. To tell you the truth I don't know what will happen now, I do have my job but I feel like it won't be forever since we do know that there are too many employees at the moment. I know that others feel that way as well, so you can say that the stress level has risen again, we are not as valuable as we were.

**Interview 4**

**Tell me about your work at Byr**

I started working for Sparisjodur Hafnafjardar 15 years ago - which then became a part of Byr. At Byr I was working for a program called S24 and when we merged with Islandsbanki that program was shut down. I was a credit manager for S24. Now I work as a consultant for individuals so I communicate with the customer instead being in the back like I was at Byr. The areas are very different but I have adjusted quite well to changed circumstances and I do realize that change is a
You were working when the merger happened – tell me about that

Well we were not surprised by the merger, I knew we had to merge with someone or the bank would simply be closed for good or someone would buy it. The uncertainty had been in the air for a while and everyone had suspicions. As one can imagine, change is always difficult for employees, and especially if they are not directly involved in the process and not involved in decisions that impact their jobs. So the executives/managers obviously knew more than other employees but they were unable to discuss it with employees for a number of reasons. This failure to communicate obviously results in a stress, not so much for the change itself but rather for the uncertainty about their future. I can say for myself that I was stressed and I felt the stress of others as well and I think lack of communications is the reason mainly for that. But thinking back, I know that the managers cannot just say everything to anyone who wants to hear it; during a merger like this one everything is very confidential for a number of reasons. Well anyway, then when it was revealed who Byr was emerging with everyone started to think “what will happen to me now” and the panic went from group stress to everyone worrying about their selves. I would like to add that the time between when we were told about Íslandsbanki and until they talked to us individually was too long. Especially for the ones in the branches they had to wait much longer than the ones down in the headquarters and in the support departments, we are talking about few months here not days. So it was hard not to get the answers - that would definitely ease our anxieties to get. And as for myself, I was one of the last to know about my future with Íslandsbanki, my branch was the last branch that was dealt with. On top of everything they had already, as I mentioned before, decided to close my department, S24, so I was very uncertain about my future. But I was lucky and they had a position for me at Íslandsbanki and I was really relieved when I got the job. There is no need to say this but job security is always first and foremost in everyone’s minds during change like this. We also realized that they would let more people go from Byr than from Islandabanki and we had a hard time dealing with that and some were really angry about that. But many employees were let go and it was just like a slaughterhouse for one day! Crying people everywhere – it is just indescribable how I felt, and the guilt when I knew I would continue, but I was still happy…. It is hard to explain really.
So, when it was clear who would continue, the managers set up meetings and introduced us to the employees at Íslandsbanki and tried to help us get settled in. But this was still hard and people obviously deal differently with changes like this and for some it is not that hard but for others it is very hard. Some employees were negative from the start and in the end they just quit. I decided to give this a real shot and I do not regret it at all.

_Something you would like to add…._

Well….. I think that the merger itself has been a smooth process or so to say. But this is a long process though. When two organizations merge it takes time to adjust to each other’s culture and working habits. After all this time we still refer to “us” and “them” – we do it this and that way and they do it this and that way. We are not a whole union yet – I think that will take years. The culture, methods of work, it is just totally different. For example the systems that we worked with are nothing like the systems that Íslandsbanki is working with. Byr’s employees felt like they were taking a lot of steps backwards when trying to adjust to their systems. Very old fashioned in comparison to what we were used to. The difference is in fact huge and I felt it very much when servicing the customer, it was more complicated and took more time. It was really shocking for us. Íslandsbanki is such a big bank so we really though that they had all the best systems, we thought they did have everything under control. But then we found out that was not the fact at all. Regarding the culture, the employees from Íslandsbanki that came to work at this branch they needed to adjust to us just as much as we needed to adjust to them. That was hard for them too since they were changing locations as well. As the matter of fact, there were fewer employees from Íslandsbanki working here than from Byr. So they kind of had to adjust to us more than us to them. But our manager is determined to make sure that we find our new culture together instead of forcing each other cultures upon each other. I think that it gave us strength that we did not change the location and to stay so many of us together, we were on home ground more than the employees from Íslandsbanki were. A lot of other employees from Byr changed locations and went somewhere alone – I’m grateful that I did not have to do that.

I’m still getting used to, not knowing everyone at Íslandsbanki. Byr is not a big company, for example if I would meet the CEO in the mall we would say hi and talk to each other. The CEO at Íslandsbanki does not know who I’m; he would never recognize me out on the streets.
Interview 5

Tell me about your work at Byr

I was working for Sparisjodur and then for Byr later on. Me and one other woman were hired in to Byr as consultants and our job was to help clients that were having a hard time after a big bank in Iceland merged with another one, the ones that were left out - we were supposed to fish them in, or so to say. Then my job developed into something called “debt reconstructing for homes”. This was done in order to lower customer’s debt through implementation of new measures. The goal is to support the restoration of Icelandic household. This was the government’s solution and I was the one that was in charge of this for Byr’s customers. So when Byr merged with Íslandsbanki I continued to do the same thing there, they were understaffed in that certain department. So we were four came from Byr in that department when Byr and Íslandsbanki merged.

You were working when the merger happened – tell me about that

We were naturally pleased that we still had our job! I was not expecting to keep my job - I realized that there would be layoffs, to great extent. But I did not have to wait long to know that I would be offered a job since my manager had told me - she had heard that from her manager. I was very calm once I knew that, it felt good. Indeed, it had crossed my mind that it would be hard to replace me since this project is very specific and someone had to keep doing it once the merger would go through, so I kept telling myself that they would need me and as it turns out, they did.

It was kind of strange waking up one day and be working for Íslandsbanki – when we got there they used a part of day to introduce us to everyone. I think integrating employees in a merger is critical to improving a production and performance of the employees. So the managers gave us opportunity to bond with other employees and that was a great morning and we felt very welcome. But that was just our department, in the same house we have other departments from Íslandsbanki, the IT department is on the floor below us and one of the support departments is on floor above us. I do not know them at all and I have a funny story relating to that. On Halloween we decided to dress up and everyone at my department did that. Then we went to the IT department to tease them and they just stared at us “who are you guys”, they did not know who we were and they did most certainly not know what our department stands for. This company is so big and everyone
just bonds with their own department, I guess that is understandable…. But still… they should at least know what the department above them works at all day long. Another thing, I often get emails from other employees but I don’t know their faces, just their name, that is very different from Byr. I think it really helped me that I did get transferred to this department alone – I had my friends with me, that changes everything. Besides that there were familiar faces here and there from Byr and that helped as well.

Well anyway, the adjustment went good I would say. We had a bit of a problem with the computer system they were using. The cashier system at Íslandsbanki was just primitive! Everything that I used to do in one step I had to do in like 4 steps here. It is an understatement to say that was frustrating. The slogan that was set up for the merger “Best from both” is just a load of crap, they just said that but they never intended to follow it through. So we had a hard time with this system and even with a whole floor of IT guys – we could not really turn to anyone because everyone was just focusing on their own work, that’s the way Íslandsbanki runs it. Continuing with the slogan “Best from both” - we had for example this great program that one of our employees was developing, and it is very user-friendly and just great in every way. But there was no way in hell they were going to use that program, and that just didn’t make any sense to me. But I did not give up and I finally got it through to get permission to use this program! But it took hell of a long time. But now they have spread it around the company and everyone simply loves it so I’m really pleased I did not give up on this.

So I think “Best from both” was not relevant, but I mean these organizations are very different and of course in a perfect world the result from “best of both” would have been the case here. But the world is not perfect is it? We have good things coming from Íslandsbanki – it is not all bad. For example the social life here among employees is quite active. The mangers organize all kinds of events for their departments – from ice skating with the families to parties for adults. I like that about Íslandsbanki – they really give in to this employee bonding aspect of the work.

Something you would like to add……

Well last September the debt reconstructing project was finished. That was the third time that I was put in this situation, uncertainty. First when Sparisjodurinn and Byr merged and then when Byr merged with Íslandsbanki and now when my project was finished. I knew this day would come – every project has an end. I got moved around and kept my job; I don’t take that for granted.
My group split up and I started working as a payment service consultant. As one can imagine – they did not give me a list and tell me to decide what I would like to do at Íslandsbanki, they just said this is what we can offer you, and I accepted. But now I’m just adjusting to this new job, trying to find out if this suits me. My group is still on this floor but not in my department. They are still working together and they stick together. But I’m working with great people now too – and I have to give them a chance and get to know them, it would be rude not to bond with my new group. But still I want to keep contact to my friends but being in another work area kind of keeps me from being the same part of the groups as I was, but that is just how it is when you work at a big organizations I guess.