

# Merger as Marriage: Communication Issues in Post-Merger Integration

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## ABSTRACT

Many health care organizations have found themselves involved in mergers, acquisitions, alliances, networks and other forms of structural change in order to reduce costs, improve utilization and service breadth, increase market leverage, and reduce variation in demand. Successful vertical or horizontal integration is difficult, as finances, clinical and business processes, and cultures clash in a complex process of coming together and creating anew. Mergers, like marriages, are less of an event than a “chronic” condition. Mergers are seen not to solve problems but to create a new set of problems and opportunities. Mergers need to be treated as other long-term relationships with an emphasis on the communication patterns that evolve in healthy or destructive manners. The paradox in a marriage and a merger is that seemingly insignificant patterns in conversations between individuals are crucial in the longevity and health of the relationship. In this paper we examine three levels of communication issues that interact with one another and impact the likelihood of successful post-merger integration: affect, discursive frame and negotiating position. The presence or absence of disagreement or conflict is not as critical in performance as is the manner in which disagreement or conflict is addressed. Affect concerns how people use semantics and body language when conversing with one another. A discursive frame concerns the words that people choose within their conversations to shift attention towards certain concepts and away from others. Bargaining position concerns the general attitude that employees have concerning the relationship between the old organization and the new, post-merger organization. We discuss these three communication issues in the context of the health care mergers.

## INTRODUCTION

Structural change has become a popular and influential form of strategic re-positioning in the health care industry. Health care organizations seek collaboration through mergers, acquisitions, strategic alliances, and networks, in order to enhance profit or reduce costs. While these structural changes have reduced in number since their peak in 1997, there were 713 deals encompassing \$21 billion in health care in 1999 in the US<sup>1</sup>. In current business practice the basic purpose of a merger or acquisition is to improve the sustainability of the corresponding organizations by bringing together resources and knowledge. Practically, we find

that health care organizations engage structural change in order to right-size capacity, increase utilization rates, produce economies of scale, increase market leverage, and reduce demand variation.

One form of structural change, mergers, has been both popular and yet difficult to implement. In a 2000 study<sup>2</sup> of 467 multi-hospital systems in the U.S., 34% reported losses from operations compared to 21% in 1999. The study showed an increase of “disintegration” of some or all of the merged system. Forty-one percent of respondents reported they were considering or had recently experienced disintegration in their system.

In order to better understand some of the key issues involved in the success of mergers, we turn to metaphor. While there is some systematic research concerning mergers and acquisitions in health care, the theoretical base is small; therefore it is useful to use metaphors for the purposes of potentially novel insight<sup>3</sup>. A good metaphor can provoke a wide range of analogies, and these analogies can be further developed and manipulated into specific questions and/or hypotheses about the issue in question<sup>4</sup>. One of the most popular metaphors used to describe the merger of two organizations is *marriage*<sup>5</sup>. For example, the Daimler-Benz and Chrysler merger was referred to as a “Marriage of equals”<sup>6</sup>. In discussing hospital mergers a recent [55]

*New York Times* headline reads “Hospital Mergers Stumbling as Marriages of Convenience”<sup>7</sup>. *Modern Healthcare* headlines its story about called-off mergers “Sidestepping the Altar”<sup>8</sup>. Why is a merger like a marriage?

A marriage is a coupling of two independent people for the purposes of creating something of value to both. The value created from the union, or synergy, may stem from their commonalities or differences, or both. Synergy in a marriage is the joy, companionship and other benefits that improve the overall quality of life for both spouses. The couple makes a commitment to make the marriage work, despite the difficulties that might arise, and there are legal and normative constraints concerning how hard the parties must work towards reconciliation before a parting of ways is granted. Mergers and acquisitions also represent a coupling for the purpose of creating synergy. There are economic, legal and normative bounds that force the adjoining organizations to work out their problems and get along, as opposed to dropping out of the relationship. Two middle level managers from two different, merging organizations can't just call off the merger if things are not working out.

In this sense there is a gap in the literature on mergers. The question of whether two (or more) firms should engage one another is a good question for executives and board of directors, but not a relevant one for the majority of people involved in the merger. For them, a commitment is made and they have to try to make it work as best they can--in this way, the marriage metaphor is appropriate and insightful. The vast majority of people involved in mergers are not given a choice about getting married to another organization. Instead, like in an arranged marriage, they need to learn to live with a partner not completely of their choosing, but potentially to their liking. Their decisions revolve around how to be in the marriage.

In this paper we shall focus on these post-merger integration issues: How do the participants engaged in the integration process succeed, or fail? We use the *merger as marriage* metaphor to examine the key element found to differentiate success from failure in marriage--the couple's ability to deal with habitual conflict through conversational processes. We propose that these conversational patterns are equally important in organizational settings, and this leads us to suggest specific ways in which (a) organizations might be able to predict the likelihood of success or failure in the post-merger integration process, based on

conversational patterns, and (b) organizations could intervene to increase the likelihood of success in the change effort.

#### **A MERGER AS A MARRIAGE BETWEEN ORGANIZATIONS**

Is the metaphor of marriage appropriate to use to discuss the topic of organizational mergers? A metaphor can be demonstrated to be valid, in part, by examining the validity of predictions or hypotheses that can be generated from it<sup>9</sup>. Before we turn to use the marriage metaphor in a deep manner, we shall first demonstrate that the metaphor itself generates insights that have been found to be highly relevant within organizational studies. We shall do so by discussing some of the playful truisms that exist about marriage.

Although in this paper, our focus is on the post-merger, or post-selection, communication issues, the selection process can give insights into some of the communication issues that arise in a merger or marriage. In addition, much of the merger literature that uses the marriage metaphor focuses on the selection process.

Many of the truisms about marriage have to do with the selection process. For example, consider the truism *opposites attract*. According to balance theory<sup>10</sup>, individuals seek relationships that yield balance--opposites attract. According to social network theory<sup>11</sup>, individuals seek relationships with people who are most similar to them. In health care system change, we see both of these types of coupling. In the first case, an organization seeks to couple with another to provide it with services and capabilities that it does not currently have. For example, alliances between health care organizations and telecommunications providers are developing value networks that provide more integrated and seamless service to customers<sup>12</sup>. In the second case, similar organizations might couple to either “right size” capacity or to reduce costs via economies of scale. BJC Health System in St. Louis, with over a third market share, was the result of the merger between three regional hospitals, as each hospital was realizing decreasing revenues, a growing number of empty beds, and pressure from insurers and employers to reduce costs<sup>13</sup>.

Whether one's marriage or merger partner is more of an opposite or more similar to oneself, can have significant impact on the future communication patterns within the relationship. The opposites, while appreciating at one level the differences, are often challenged by the stress of having to work at understanding the other's assumptions and make one's own position heard. The relationships between more similar partners [56]

may find subtle but significant differences in their ways of doing things that challenge their relationship. For a merger where the focus is on creating new opportunities, having too much similarity may limit the potential to see new options.

Another truism about partner selection is *love at first sight*; and this is often countered with *you marry who is available*. Despite the widely held romantic belief that there is but one person who is destined for another, research shows that who you are attracted to potentially depends more on “who’s available” than “who’s attractive”<sup>14</sup>. In health care system changes, pressures of time and limitations of geography emphasize availability over fit. A study by Brooks of twelve hospitals in the San Francisco region concludes that mergers between hospitals are not driven directly by considerations of market power or efficiency as much as by the existence of specific merger opportunities in the hospitals’ local markets<sup>15</sup>.

Many couples often observe after marriage that they spent time *planning the wedding rather than the marriage*. The single day event becomes the focus of negotiations, even though the success or failure of the marriage will ultimately depend on not what happens on the day of the wedding, but what happens afterwards. Conklin<sup>16</sup> quotes consultant Thomas Atchinson as saying:

*"Like marriages, hospitals sometimes get swept up in the excitement without considering the long-term work involved in making the partnership successful, he said. Pre-merger talks are similar to dating, full of excitement and expensive dinners. The merger itself, or the wedding, is a formal ceremony full of promise. Two organizations spend millions of dollars on lawyers, consultants and accountants. Then they have this big party to sign the papers. There's a honeymoon period, then all hell breaks loose. That's reality, not all this other stuff that went on before."*

Conklin notes that in the merger process, hospitals devote resources to deciding tangible issues—how to merge assets, structure debt, and obtain government approval, and tend to ignore the intangibles (governance and culture) that, in the end, are a more significant predictor of success.

Implicitly mergers are often treated as an event, rather than as a process or permanent but evolving relationship. This treatment of a merger as an event is not unique to health care. However, it may be exacerbated in the hospital sector that has become so expert at curing acute medical conditions and rather

less skilled at dealing with chronic conditions. This may lead to a predisposition to “get over” a merger rather than to “live with” a merger.

Another one of the realities that face partners after the marriage is that *you marry the family*. Marriage is not only a “merger” of two people; it is a merging of all the people associated with those two people. The internal and external relationships that exist beforehand in part determine the dynamics of the merging process—marriage is historical and path dependent. Differences in the compatibility between different organizational cultures are being recognized as a key determinant in the success or failure of a merger. The merger of incompatible cultures can be equated to “marrying from the other side of the tracks”. Cartwright and Cooper relate: The cost of “culture collisions” resulting from poor integration may typically be as high as twenty five to thirty percent of the performance of the acquired organization. This certainly makes culture fit of equal, if not greater, importance than strategic fit.” Jan Leschly, former CEO of SmithKline Beecham, adds,<sup>17</sup> “It’s a necessary condition for any deal that there be good rationale for integrating the businesses. But in my experience, even if the rationale for the deal is terrific, the deal can still fall apart because of cultural differences.”

Selection is important in marriages and mergers. However, the hard work is not so much in the selection but in living with the “chronic condition”. The problems are not solved by a merger as much as they are changed by a merger.

## MARITAL AND ORGANIZATIONAL CONVERSATION

Having demonstrated the potential utility of the marriage metaphor, we now turn our attention to the research concerning marital success and failure, as a means to generate insight into the factors behind post-merger integration success or failure.

While there is no consensus concerning the reasons for marital success and failure, there is growing evidence that success depends more on the dynamical process of conversation than it does upon static attributes such as attitudes and personality traits<sup>18</sup>. Gottman’s research on marriage finds<sup>19</sup> “Of all the relationship variables that could be selected for understanding marital satisfaction, the couple’s ability to arrive at consensus in resolving differences may be of central importance”. His research shows that prediction of marital success can be made reliably (up to 85 percent correct prediction) based on the first [57]

3 minutes of a conflict-conversation, based on the amount of negative to positive affect observed. Negative affect includes criticism, defensiveness, contempt, and stonewalling.

For example, here is an excerpt from a conversation cited as an example of high negative affect between the partners<sup>20</sup>:

*“Husband: You’ll never guess who I saw today, Frank Dugan.*

*Wife: So, big deal, you saw Frank Dugan.*

*H: Don’t you remember I got in an argument with him last week.*

*W: I forgot.*

*H: Yeah.*

*W: So, I’m sorry I forgot, alright?*

*H: So it is a big deal to see him.*

*W: So what do you want me to do, jump up and down?”*

This negative affect is especially critical to conversations regarding issues of chronic conflict. These conflicts arising from perpetual problems most often have to do with personality and self, not situational issues. The importance is for the couple to have dialogue rather than gridlock. Gottman relates “the goal of most therapy around problem-solving ought to be to help the couple move from a gridlocked conflict with a perpetual problem to a dialogue with a perpetual problem.” Gridlock leads to more negative affect, which is self-escalating. Dialogue involves learning to live with chronic problems, making them better incrementally, avoiding provocative situations, recognizing, and talking through. Good communication does not make problems disappear. Gottman’s research suggests that it is naïve to have this as a goal. The goal is not “problem free” relationships but to improve interactions and patterns of communication and thereby indirectly “solve” problems or create opportunities. The focus of an intervention, or improvement of the relationship, should be on the connections rather than the issues themselves. Based on this, Gottman<sup>21</sup> proposes that therapy be based on over-learning (to automaticity) non-defensive and non-provocative speaking (especially when presenting complaints), non-defensive listening and validation, and editing. These must be accompanied by the ability to psychologically smooth, which is almost always self-induced (e.g. “take a break”).

Just as conversation is key in marriage, so too is it key in organizations. It is through conversation that an organization recreates itself on a continual basis<sup>22</sup>. Boden relates<sup>23</sup>: “Organizational work is paced and positioned through a variety of temporal frames...these in turn are achieved in and through the quick exchanges and extended meetings that make up the business of talk. They provide ways of filtering past practice into present agendas that are both pragmatic and adaptive. Organizations are made to tick through talk”, not in a mechanistic way but in the sense of a conversation as the heart beat of a relationship. Conversations are layered with surface level and deeper level meanings. At the surface, conversation is a form of information transfer, and an information-theoretic approach treats conversation as merely as a process of flow of data from one point to another. But human communication also generates deeper patterns that may be invisible to the speaker and listener but resonate within the subconscious of the participants<sup>24</sup>. These deeper level meanings convey aspects of culture: how are problems framed, what is our identity, how are time and space thought of, etc. This is the sense of communicating not from one’s reified position in an organization but at the human level. Conversation embodies as well as reifies organizational culture and the individual differences that shape the culture, and thus can be key to determining the success of the coupling.

Within the context of a merger, the types of conversations that occur post-merger are overwhelmingly about integration: how to bring two separate systems into one. Inevitably, conflict will arise, and much of this conflict will repeat itself chronically as integration proceeds. Conrad and Shortell point to “tackling tough designs and wicked problems” as a key to the success of integrated health systems<sup>25</sup>. As in marriage, it may be that the organizational members’ abilities to resolve differences through conversational processes may be key to the success or failure of post-merger integration. Because the linear view of change is so pervasive, for most it is an assumption that a large intervention is needed to make a large impact. Yet, paradoxically, in human relationships such as marriages and mergers, the local seemingly insignificant [58]

conversation patterns can have a large impact. Redirecting our attention to the conversations in a rigorous manner may provide opportunities to improve the success rate of mergers which to date have had a rather unimpressive track record in all industries including health care.<sup>26</sup>

### **A MODEL OF POST-MERGER INTEGRATION AND CONVERSATIONAL PATTERNS**

Conversational patterns can, in general, be considered positive or negative, depending on how participants frame issues, make word selections, reinforce versus criticize, listen, and talk via their body language. Figure 1 shows a generalized process model of the antecedents and consequences of these patterns. First, we note that there is a self-reinforcing (positive) feedback loop between conversational patterns and the perceptions that each participant has of the other.<sup>27</sup> Negative conversations lead to negative perceptions, while positive conversations lead to positive perceptions, and visa versa. Because of the reinforcing nature of the conversational system, initial perceptions of the partner can be of paramount importance. Relationships that are viewed positive from the start will tend to generate positive conversational patterns that are reinforced by positive behavior towards one another. Relationships that are viewed negatively may never gain enough momentum to overcome the harsh, initial feelings.

--see Figure 1 (p.66) --  
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There is a self-reinforcing loop between perceptions and behavior; if perceptions are negative, the partners [59]

are more likely to engage in negative behavior towards one another, which in turn leads to more negative perceptions, which in turn further manifest themselves through negative conversations. In fact, it is the continual build-up of negativity that results from these two coupled positive feedback loops that eventually leads to divorce<sup>28</sup>. Within the context of a merger, negative perceptions and behavior are likely to lead to poor integration outcomes.

The manner in which conversational patterns are generated depends also on the conversational framing that occurs. In the context of an organizational merger, there are three important dimensions to this framing: affect, discursive frame, and negotiating position. Affect concerns how people use semantics and body language when conversing with one another. A discursive frame concerns the words that people choose within their conversations to shift attention towards certain concepts and away from others. Negotiating position concerns the general attitude that participants have concerning the relationship between the old organization and the new, post-merger organization. A positive conversational framing along any of these dimensions will tend to lead to positive conversational patterns, and visa versa. We represent them together rather than separately, because they interact with one another, and yet can also have independent dynamics.

The level of integration required by the merger or acquisition plays a moderating role. When very little integration is required, conversational framing may matter less, since the two (or more) entities will continue to maintain some degree of autonomy. When the requisite integration is thorough, a new culture will likely have to emerge via the death of the existing cultures, and here conversational framing may be of paramount importance.

Cultural differences also play a role in the level of importance of the conversational patterns and conversational framing. There are two elements to this issue. One is the level of difference that exists and the other is how these differences are perceived. One could say that the degree of differences per se cause the problems. The more the two conversants represent different cultures (either from a disciplinary or organizational perspective), the more likely they are to engage in either consciously negative remarks, or unconscious errors of assumption, omission and commission, thus degrading the quality of the conversation<sup>29</sup>. Conversational framing becomes more critical when there are significant differences. The degree of cultural difference interacts with the

conversational framing to co-determine the conversational patterns.

The optimism we derive from this is that mergers, between culturally diverse partners, can be understood and potentially dramatically improved by focusing on the three components of conversational framing: affect, discursive frame and negotiating position. All of these are both natural and learned phenomena.

### Affect

Gottman's findings point very specifically to the micro-dynamics of conversation: how people talk and listen, and how their word choices impact the perception of their partner, which in turn affects the conversational pattern. Consider the following conversation between two information system (IS) managers in the midst of a merger. Their conflict involves determining who the real customers of the system are, the executives using the IS to make high-level decisions, or the workers entering the data on a daily basis. Organization A has a hierarchical structure where the needs of executives take precedence, whereas Organization B has more of an organic structure that emphasizes grass-root activity:

Sarah (Org A): (1) *The new IS must be able to produce numbers that have some meaning for our decision makers.* (2) *I think we've done a good job at this historically, which is why I recommend using our system as a template for the new system.*

Brian (Org B): (3) I agree, and that's the whole premise of how we built our system, for the decision-maker.

Sarah: (4) *No, your system really plays to the person punching in the data.*

Brian: (5) Those people "punching in the data" are the decision-makers that need the data.

Sarah: (6) *No, those decisions are trivial.* (7) *The executive team is the group making the important decisions for us, and their weekly meetings should be our first focus of support.*

Brian: (8) Anybody can provide them with a fancy report that looks good. (9) The report is meaningless without good numbers. (10) Who provides the good numbers?

Sarah: (11) *So you mean that we're going to get "better numbers" if we spend all of our time making this thing dummy-proof?*

Sarah and Brian are clearly not getting very far in their conversation. At first glance, we may attribute that to the differences in the two organizational cultures, and at a surface level, we would be correct. However, it is through the language and wording used in the conversation that these differences are manifested, and in this case, solidified into a barrier. [60]

Consider some of the negative affect going on in this conversation. In sentence (2), Sarah uses the word *we've* to allude to her old organization, thus implying an "us versus them" situation. She has suggested using Organization A's IS without any apparent attempt to understand Organization B's system. Brian perpetuates an "us versus them" frame by using *we* in (3), and in general uses a defensive tone. Sarah contradicts Brian's statement directly in (4), and she puts Organization B's system down by using the phrase *person punching in the data*. Brian defends his organization's selection of "who is important", and frames the issue as decision-making being the responsibility of everyone in the organization (5). Sarah probably offends Brian by her use of the term "trivial", implying that worker-level decisions are not worthy of attention (6). Brian trivializes any contribution that Sally's system might make, by saying that *Anybody can provide them with a fancy report that looks good*. The *anyone* questions Sarah (and her group's) unique capabilities and expertise, and *fancy report that looks good* trivializes her group's focus of attention (8). Sentences (9) and (10) are aggressive statements. Sarah uses a somewhat sarcastic tone in (11), referring now to Organization B's decision-makers (workers) negatively by the phrase *dummy-proof*.

Not only are Brian and Sarah not going to resolve their differences through this process, but also their attitude toward one another about any topic is now threatened. They are more likely to assume the worst of their partner, and attribute negative intention to their behaviors. Even in the midst of such differences, the two conversants could have used language and other means by which to make the conversation healthier:

Sarah (Org A): (1) *I think that the new IS should produce numbers that have some meaning for our decision makers.*

(2) *I think our previous company has done a good job historically at providing executive-level data.* (3) *What would you say the strength of your organization's IS has been?*

Brian (Org B): (4) *Our old system focused its attention decision-makers too.*

Sarah: (5) *Yes, you mean the lower-level decision-makers entering the data?*

Brian: (6) *Yes, that's right.*

Sarah: (7) *In my mind we have to be careful to provide support for the weekly meetings of the executive team.*

Brian: (8) *Is there a way we can do that without hurting our attention to getting good numbers at the lower-levels of the organization?*

Sarah: (9) *Sure, that makes a lot of sense.*

Note that even though the two have not come to any conclusion--in that narrow sense the two conversations are identical--they have negotiated their positions in a much more fair manner, using various positive affect to keep the conversation amicable: In sentences (1) and (2), Sarah preferences her remarks as personal, *I think*, and in (7), *In my mind*. Sarah (2) and Brian (4) both refer to their historical affiliations using the past tense, marking a willingness to move forward to something new. Sarah (3) specifically gives Brian an opportunity to make a positive statement about his system. Sarah (3 and 5) and Brian (8) use questions to bridge, and demonstrate a willingness to listen and learn. Sarah (5) implicitly acknowledges the fact that others in the organization may legitimately be thought of as decision-makers. Brian poses his concern positively, without being negative about Sally's concern (8). Finally, confirmatory statements are made to enhance positive affect (6 and 9).

Research provides general recommendations concerning the generation of positive affect include the avoidance of defensive messages by using messages that are descriptive versus evaluative, problem-oriented versus control-oriented, based on equality versus superiority, being empathetic versus neutral, and being provisional versus certain. It is also important to clarify perceptions (self and others) and engage in active listening skills<sup>30</sup>.

These conversational incidents, while small and perhaps unimportant by themselves, accumulate over time and inform behavior, and behavior begets yet more conversational patterns of either positive or negative character. Especially significant may be the conversations that ensue between leaders of the organizations, early in the negotiation process<sup>31</sup>. These set the tone for both the process and outcome of integration, and managers and workers pick up important cues from listening to the conversational patterns of their leaders, and mimic them in their own conversations. Organizational literature positions psychological affect as important as a driver of trust. Trust itself is often considered an essential element of integration success: "Perhaps the key facilitator of integration that emerged repeatedly throughout the study was trust... In those instances where physicians and organizations appear to have developed trust, the relationship is characterized by a spirit of partnership, cooperation, and collaboration."<sup>32</sup>

Empirical evidence supports the notion that trust has both a cognitive and affect-based dimension<sup>33</sup>. Affect-based trust is "rooted in emotional attachment [61]

and care and concern for the other party's welfare<sup>34</sup>; this affect-based trust can help bring about a cognitive-based trust (belief in ability of the other) necessary for integration, or even create a more positive mood for collaboration: "Because positive affect for specific individuals increases the desire to maintain relationships, it may increase the value or social rewards people associate with cooperation."<sup>35</sup> Interactions that involve positive affect are thought to enhance trust through values, beliefs, and judgments, and in fact may be a more powerful source of stability and lead to deeper levels of trust than simply cognitive-based trust<sup>36</sup>. In the context of health care, positive affect between physicians and nurses has been empirically found to encourage joint problem solving and cooperative goal interdependence<sup>37</sup>.

The importance of managing affect was recently empirically demonstrated in the context of the performance of intra-organizational, cross-functional teams<sup>38</sup>. The researchers found that task disagreement was not a detractor from performance per se, but rather outcomes depended on how the task disagreement is communicated, and how free team members are to express task-related doubts: "the communication management of pluralism—rather than the presence of functional pluralism—is thus the key".

### Discursive Frame

The second dimension of conversational framing that affects the conversational patterns that emerge during integration is the discursive frame. By discursive, we mean that made explicit through language, in written or verbal communications. By frame, we mean the particular words that are chosen to convey meaning, and how those words co-occur within noun phrases, sentences, and narratives as purposeful acts by the speaker<sup>39</sup>. Thus a discursive frame is a network of meaning, emergent and evolving, enacted by the presence or lack thereof particular words embodied in conversation<sup>40</sup>.

Discursive frames are important because they reflect in part the mental models of their participants<sup>41</sup>. In the example above, differences between the two participants' conception of "customer" in part leads to the conflict between them. By making explicit connections between concepts, a listener gains a sense of "where the speaker is coming from", what assumptions they make, what their norms and values are, and even the types of decisions they will make. They serve as a means to reduce ambiguity beyond the

mere information content of a message. For the speaker, the discursive frame that emerges from their words is a self-reinforcement of their identity, both personally and organizationally<sup>42</sup>.

For example, in Intel, the term *action requests* is used in place of *to-do list items* as a means to convey a sense of pro-active movement versus reactive passivity (*action* versus *to-do*), and to denote responsibility (*request*). In health care, the issue of *medical errors* has been reframed in conversation to *patient safety*, as a means to convey the focus (*patient*) and blame on the system rather than the individual (*safety* versus *error*). Similarly, Boden<sup>43</sup> shows how in business organizations, conversations shape the assumptions that males and females make about themselves and others, and these assumptions are often embedded in issues of male power dominance (i.e. sports and war metaphors used to explain competitiveness in the market). Jackson and Dutton<sup>44</sup> discuss the importance of how the words *threat* and *opportunity* are framed within strategic planning sessions amongst executives.

Differences in mental models and cognition arise during integration of both horizontal and vertical mergers. In a horizontal merger (e.g. between two hospitals), participants may well be from the same function, but significant differences may exist between the two organizational cultures. In a vertical merger (e.g. between a hospital and a physicians' group), participants in conversations may also differ according to their functional discipline, or positioning within the healthcare system, leading to yet another source of cultural difference.

These cultural differences will manifest themselves in everyday conversation. An example is cited by Greenall in her study of doctor-nurse communication<sup>45</sup>. In the context of a neonatal unit, nurses used language that conceptualizes the preterm infant as a human, whereas doctors tended to use language [62]

that frames the preterm infant as an object. Additionally, nurses framed the issue of *care* as a broad concept, including actions associated with mothering and nurturing, whereas doctors framed *care* as those activities done when something went awry.

Participants may not even fully understand the language used by a partner. In the merger with a Catholic-sponsored hospital, managers within the non-Catholic facility “felt anxiety because they did not understand the nomenclature of the Catholic facility and its sponsors (e.g., provincial leader, motherhouse)... the group developed a glossary of terms that were specific to each organization’s culture.”<sup>46</sup>

Cultural differences are manifested at the system-level also. An executive at Allina explains: “Health plans talk about medical loss ratios. In hospitals, we call that reimbursement. So, what is a loss for them is our reimbursement for hard work and good care”<sup>47</sup>. When mergers involve physicians and administrators coming together, the physician culture of autonomy, a belief in science, and humanitarian ideals may conflict greatly with administrators<sup>48</sup>. For example, when physicians discuss an issue such as *cost* or *integration*, they will tend to use different words, or the same words in different ways, than when an administrator would talk about those same issues<sup>49</sup>. The current trend to merge non-profit hospitals with for-profit hospitals<sup>50</sup> further exacerbates the particular language confusion around *cost*. Commercial businesses are bottom line operations, where costs are incurred to generate future revenues. In contrast, many nonprofit hospitals are “top line” operations where many costs are incurred after revenues (grants) are determined<sup>51</sup>. For many of the charitable activities of nonprofit hospitals, costs need to be contained by the revenues but are not expected to generate revenues per se. This distinction fundamentally changes the definition of *costs* and can lead to many misunderstandings between the merging partners.

Even the words chosen to name the integrated entity can play an important role of framing, both for the participants and its consumers<sup>52</sup>. In the merger of Barnes Hospital, The Jewish Hospital of St. Louis, and Christian Health Services, the resulting moniker was *BJC*: “It came down to the first letter of the founding partners and reflecting the tradition and strength of their reputations,” said a spokesperson. John Kessler, vice president of strategy and marketing for the merged entity known as *ViaHealth*, said “(The name)

*ViaHealth* focuses on what we are all about—health and pathways to health... (we did not use the word *system* because) *system* is a very hard name and cold name to consumers.”

We note that it is not the cultural differences per se that lead to integration problems. In fact, without difference, there may be little synergy and/or creativity within the merged organization. Instead, we need to look at the way the differences are perceived to understand how they shape the quality of the conversation. An expectation that a difference is threatening to one’s identity is a powerful perception that can shape a conversation. In marriages or mergers where there is a perceived threat that one’s identity will be lost or taken over by another’s is a powerful influence on the pattern of conversation. A belief that differences are crucial to survival and the evolution of a new organization is a radically different perception and could strongly impact the mode of interaction. Again we see that it is not the simple component (i.e. more differences create more problems) but the way the components are perceived and patterns of interaction. Differences are neither bad nor good; they are simply a fact of conversation. Indeed, we can take it a further step and argue that conversation needs difference if it is going to create new information. Bateson’s concept that “information is difference that makes a difference”<sup>53</sup> is important in conversations as in everything else.

We also note that new discursive frames will arise spontaneously from the interactions between organizational members during integration. These new frames may be related to old ones, but may also contain novelty. Within the context of new organizational practices (even if they involve negotiation and problem resolution rather than action per se), a new collective cognition, and thus discursive frame, will appear, and the “potential” for this new collective mind will increase as a function of the quality of interaction: “Collective mind is manifest when individuals construct mutually shared fields. The collective mind that emerges during the interrelating of an activity in a system is more developed and more capable of intelligent action the more heedfully that interrelating is done”<sup>54</sup>. The nature of these new discursive frames may depend on the relative power position of the two organizations as they enter into the merger<sup>55</sup>.

### **Negotiating Position**

The final dimension of conversational framing that impacts conversational patterns is negotiating position. Negotiation “entails two or more interdependent [63]

parties who perceive incompatible goals and engage in social interaction to reach a mutually satisfactory outcome<sup>56</sup>, and typically involves both cooperative and competitive behavior. As the definition implies, negotiation is a key communicative process during post-merger integration. Integration involves decisions, and often the goals of the two partners will not align perfectly, and negotiation is the process by which those conflicts are resolved. Incompatibility of goals may especially be prevalent when one partner is in a dominant position over another, or where the cultural differences between both partners is great.

Negotiation is a dynamical process involving adjacency pairs (i.e. question and answer), preference for agreement, turn taking, and expansion sequences<sup>57</sup>, and these lead to emergent, cyclical communication patterns<sup>58</sup>. The language used in negotiation frames the conversation in a structural and relational manner, by shaping the tactics of the conversation. Both affect and the discursive frame are affected, consciously and unconsciously, by the partners' predisposition as determined by their negotiating stance<sup>59</sup>. Depending on negotiating position, goals can be narrowed, broadened, deleted, and changed; decision-making preferences and processes can be changed; and different solutions strategies are generated<sup>60</sup>.

There are two types of negotiations: distributive and integrative<sup>61</sup>. Distributive negotiations assume a "zero-sum" game, where participants are conflicted over the allocation of a fixed resource. In post-merger integration, such situations might include the selection of executive leadership, and deliberations about facilities and personnel. Integrative negotiations assume a "variable-sum" game, where participants work to determine alternatives or develop tradeoffs. During integration such situations might arise when participants attempt to design new business and clinical processes, select business and human resource strategies, and determine marketing and technology-related tactics.

In distributive negotiations, partners mask their intent, hide information, exaggerate emotions and demands, and give verbal and nonverbal cues concerning the conflict<sup>62</sup>. Negotiators defend using linguistic mechanisms such as corrections, qualifiers, and warnings, and attack using disclaimers, hedges, omissions, and vague language. Negotiators in an integrative position will redefine problems, analyze causes, and explore alternatives. They will use language that has more positive affect, and use stories and myths to help interpret ambiguous situations<sup>63</sup>.

Research on the effectiveness of negotiation shows that regardless of the position, participants' perceptions about communication vary more than the actual communicative behavior<sup>64</sup>. Partners that come to agreement in either distributive or integrative negotiation tend to avoid disruptive negotiation tactics, initiate multiple proposals, elicit partner reactions, avoid direct eye gazing and maintain physical distance. Ineffective negotiations are characterized by communication where partners lack empathy; use non-inclusive and even offensive language; and cycle proposals and counterproposals in an attack-defend spiral<sup>65</sup>.

Putnam<sup>66</sup> provides some insightful suggestions relevant to our focus on conversation here. First, we must remember that post-merger integration is a process, not an outcome, and the process of integration itself may enhance the new organization's capacity to operate effectively and adapt to new situations. While the goals of negotiation can be instrumental (i.e. the final outcome), relational, and related to identity management<sup>67</sup>, negotiation must also be considered for its transformational potential. In this respect conflict becomes an opportunity to create a "new social reality, a new negotiated order, a different definition of relationship, or a transformed situation"<sup>68</sup>. Second, negotiation is a process that is both rational and emotional, and emotion should not be downplayed or targeted for elimination. Affect serves an important role in providing cues to the partner, and setting the tone for the negotiating position.

## CONCLUSION

The model provides some insights. First, the greatest point of leverage may be the interpersonal, or conversational skills that the individual conversants have. This is a hopeful statement, because people's interpersonal and conversational skills can be improved by awareness, training, and practice. A skilled facilitator can help in this regard, but participants must gain such facilitative skills in the absence of a facilitator for long-term sustainability of the merged organization.

Although we present the optimism of this point of leverage, there is a potential downside as well. Given the dominance of linear perspectives on change, implicitly or explicitly in the field of practice, it may be very difficult to convince leaders in multi-million dollar mergers to look for success in the seemingly insignificant daily conversations. This is a challenge to the fundamental implicit assumption in many change [64]

approaches that the size of the impact is directly correlated to the size of the intervention.

Second, initial impressions can make a difference--they can be hard to recover from, or conversely, provide a lot of "safe cover" for difficult times ahead. To the extent that partners can paint a positive picture of one another prior to the beginning of discussions, positive conversational patterns may emerge early. Using methods such as appreciative inquiry<sup>69</sup> where the focus is on what works and the assets or positives (rather than the problems or liabilities) early on in a merger can play a key role in shaping future conversations in an organization. Paradoxically, this provides a safe space for substantive differences and conflicts to surface and be addressed. By deliberately working at the affect and discursive levels, appreciative inquiry alters the conversation patterns.

Finally, as the differences in cultures between the two organizations become greater, the more difficult it will be start off on the right foot. When the two organizations differ greatly, it is probably a good idea to focus discussions across organizational rather than functional boundaries, since people within a single function will at least be working from the same disciplinary perspective<sup>70</sup>.

Because conversation is a determinant and not just an outcome of culture, we focused particular attention on it. Conversation came to the fore as the crucial driving force in marriages and by extension for the analysis of mergers. Stacey<sup>71</sup>, Anderson and McDaniel<sup>72</sup> and others suggest is that conversation and the patterns of conversation and interaction should be the focus of analysis in studying organizations. We extended this concept to the idea of mergers in this paper. Analyzing organizational mergers from this perspective provided different insights and emphasizes different forms of intervention. The conversations lens with guidance from the marriage research highlights an important area to pay attention to in order to determine whether a merger is appropriate, its likelihood for success and how to improve the potential for success of a merger.

Finally, we note that perception is everything – well almost everything – in mergers as in marriages. The “facts” in organizations are more often than not interpretations.<sup>73</sup> The marriage research further develops this point by indicating how one cannot predict the success of marriage by its components (degree of difference, number of arguments, etc.) but

one can predict with far greater accuracy by examining the interactions, conversations and in essence the perceptions of the spouses. In mergers, an increased focus on conversation provides key insights into what needs attention for long-term success. The soft side of organizations, including conversations, becomes the hard science<sup>74</sup> and the hard work in the challenge of health care mergers. [65]

Figure 1  
Antecedents and Consequences of  
Conversational Patterns

## Endnotes

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