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CREDIT UNION MERGERS: PSYCHOLOGICAL CONTRACTS AND ORGANIZATIONAL TRUST

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Abstract

Economies and efficiencies of scale serve as drivers of Canadian Credit Union mergers. The critical success factors of merger initiatives are largely driven by the internal human resources of each entity; however, this critical component of the process is often neglected or apportioned an inappropriate degree of consideration. As a result, employees are frequently not fully engaged or supportive because the tenets of their psychological contracts are not always met and their perceptions of organizational justice and organizational communication are not positive. This potentially impacts the level of organizational trust that results in either merger success or failure, especially in relation to employee impact and employee engagement. In order for Credit Union mergers to succeed, employees must be positioned to buy in to the change process to the point where they embrace and champion merger and its benefits. The purpose of this research study was to examine those factors that influence employees' perceptions regarding Credit Union merger processes, specifically relating to the importance of their engagement and support. As both successful and less than successful or marginally successful mergers are being examined, it is suggested that the successful firm has good engagement and support. More specifically, the impact of organizational trust was studied in relation to employees' trust in senior leadership and senior leaderships' perceived perception of trust in subordinate employees. These significant factors, studied from the perspective of antecedents, dimensions and outcomes of organizational trust, lent support to a proposed foundation to examine their impact on employee engagement and merger success. Deficiencies in these areas were identified and recommendations made to address them. It was proposed that timeliness of employee integration be considered critical in developing the appropriate support framework required for Credit Union merger success, recognizing that financial and logistical considerations invariably dictate decision processes.

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Chapter 1: Introduction

Background

Competitively positioning the Canadian Credit Union system as one integrated network of trusted financial institutions requires significant merger activity (G. Adams, personal communication, February 20, 2010). Adams noted that the current fragmented structure of Credit Unions does not provide a framework of sustainability and is currently being addressed regionally, provincially and nationally. Thus, the trends and system needs are very clear, as the Canadian Credit Union system works towards unifying a common network through successful merger partnerships. Co-operatives are formed on the underlying principle that individuals bring together collective common economic and social needs, so that more powerful aspirations can be realized (Credit Union Management, (CUM), 2009). The International Co-Operative Alliance (Appendix A) provides both a definition of a Co-operative as well as its values, followed by the seven Co-operative principles. From a Human Resources perspective, partnership merger success is dependent on the employees of the merged entities, who are identified as key players in the transitioning process.

Economies and efficiencies of scale are prime drivers of merger activity (CUM, 2009) as Credit Unions seek to strengthen their national network by joining forces to further brand a unified image of profitable community-oriented financial co-operatives. Merger activities are becoming increasingly common across Canada and the impact of employees' psychological contracts relative to organizational trust can be significant and noteworthy. In order for Credit Union partnership mergers to succeed, a high level of organizational trust must be present.

In this study, I evaluated three antecedents of organizational trust: (a) Psychological Contracts; (b) Organizational Justice; and (c) Communication, each considered critical to the development of trust factors that in turn impact two significant employee outcomes identified as: Impact on Employees and Importance of Engagement within the merged Credit Unions. There is a significant body of research relative to each of these antecedents but they have not been linked specifically to Credit Union mergers. The primary determinants and drivers of what the Credit Union industry currently defines as either merger success or failure stories appear to be related to financial and operational exigencies as opposed to, and sometimes at the expense of the successful support and integration of the *people* component. As a result, this study aimed to identify those factors that I proposed, after a review of literature, as significant and critical to ensure sustained success and ownership of effective merger initiatives. The findings from my research study may provide valuable theoretical and practical insight for Canadian Credit Unions.

Visionary and dynamic leaders, who understand and support the human resource elements of their organizations, should benefit from a clearer identification of the *softer* side of the business in terms of being better positioned to champion social components of mergers and perhaps even consider these factors equally or more significant than financial and operational components. It was anticipated that the integration of a complete set of merger variables and considerations may contribute meaningfully to merger success.

Problem Statement

Bassi and McMurrer (2007) suggested “people are the only source of long-term competitive advantage and there is a need to invest in employees to drive company performance now and to emphasize strategic goals” (p. 115). Zagenczyk, Gibney, Few, and Scott (2011) noted that, based on organization support theory (OST), “employees develop global perceptions concerning the degree to which the organization values their contributions and cares about their well-being” (p. 255) and “[u]nderstanding the processes through which employees incorporate the organization’s identity into their own identity is critical to building positive employer-employee relationships” (p. 254).

This assertion is quite significant within the Credit Union environment since the majority of mergers have been characterized as limited successes, protracted successes and sometimes even marginal failures (Kostopoulos & Bozionelos, 2010). There is value in examining the degree to which organizations attend to the people factor.

The element of trust between employees and organizations; how employees’ psychological contracts impact organizational trust; and how trust factors impact employees and the perceived importance of employee engagement to create buy-in to the Credit Union merger process are issues which have only been scarcely explored in the literature. DeConinck (2010), Dopico and Wilcox (2010) and Kostopoulos and Bozionclos (2010) found that enhanced levels of communications between management and employees resulted in higher levels of trust and also contributed to counterbalancing the negative influence of survivor trust in downsizing initiatives, perceptions of management fairness, empowerment and work satisfaction.

Overall, the predominant research question was asked: What, if any, relationship exists between organizational trust and merger success in Credit Unions? Secondarily and more specific to mergers within the Canadian Credit Union system, what factors are within the control of leaders to positively impact how employees judge the tenets of their psychological contracts to have been met so employees can trust and champion merger success. Recognizing there are, in fact, a number of additional antecedents of organizational trust, as outlined in the next section, it was my objective to focus primarily on the three antecedents of communication, organizational justice and psychological contracts, with a strong emphasis on psychological contracts.

Specifically, the problem studied related to determining exactly what components of the employment relationship comprised significant influencing factors on merger success or failure. I aimed to develop those findings, which will link the proposed organizational trust antecedents with the ultimate outcomes identified. These findings address the gap in the literature about how psychological contracts, organizational justice and communication affect organizational trust and, in turn, employee impact on merger success and the perceived importance of employee engagement.

Purpose and Theoretical Framework

Broadly speaking, in this descriptive qualitative research study I focused on the impact of psychological contracts as a key antecedent of organizational trust relative to the success or failure of a Credit Union merger. The literature is replete with various definitions of trust. For example, Meyer and Allen (1995) defined trust as “a willingness to be vulnerable to the actions of another person or people” (p. 51). Rousseau, Sitkin, Burt and Camerer, (1998) similarly defined trust as “a psychological state comprising the intentions to accept vulnerability based on positive expectations of another” (p. 395). Common to the two definitions is the intention to accept vulnerability and positive expectations. From an organizational perspective, trust can be similarly defined from a collective perspective insofar as an employee group collectively place their trust in the organization based on their collective vulnerability and positive expectations. For example, Bodharczuk (2012, p. 1) suggested “organizational trust means that we trust the organizational structure, systems and culture within which we work.” A related study by Maguire and Philllips (2008) referenced institutional trust as “an individual’s expectation that some organized system will act with predictability and goodwill." (p. 372). They viewed trust as an "attitude or expectancy about other people and the social systems in which they are embedded" (Kramer, 1999, p. 575). In *The Organization Trust Index as a Window into Organizational Culture,* Bodnarczuk (2012) defined the six perspectives of an Organizational Trust Index as truth, integrity, power, competency, values and recognition. I determined the literature suggested there are many trust antecedents; this paper focuses primarily on those identified in the conceptual model presented in this section.

Other antecedents of trust that were reviewed within this research study included (a) transformational leadership, (b) perceived organizational support, (c) transactional leadership, (d) perceived risk, (e) participative decision-making, (f) ability, (g) benevolence, (h) integrity, (i) competence, (j) loyalty, (k) perceived job security, (l) subordinate-supervisor guanxi and (m) openness (Wong, 2003). Each of these additional antecedents was evaluated in terms of their connection to the proposed conceptual model. They are generally considered to be linked to relationships between leaders and employees, including the treatment and support employees receive from their organization. As a result, these additional antecedents are largely reflected in the psychological contract, organizational justice and communication antecedents contained in my proposed conceptual model.

Sonnenberg, Koene and Paauwe (2011, p. 665), citing Rousseau's (1995, 2005) definition of a psychological contract as "an individual's belief, shaped by the organization, regarding reciprocal obligations" noted that "[v]iolation of the psychological contract has been empirically linked to a number of attitudes and behaviors, such as for instance trust, loyalty, commitment and intention to leave." Simply stated, employees seek a positive relationship with employers in terms of balance and they reciprocate according to how they perceive that balance.

Psychological contract violation by either the employer or the employee will erode trust between the parties.

Three types of organizational justice are included as a secondary antecedent of organizational trust: distributive, procedural and interactional.

> Distributive justice focuses on the outcomes of decisions, such as the perceived necessity of restructuring and resultant redundancies. When considered fair, high levels of trust ensue. Procedural justice concerns the fairness of the procedures used to make decisions, such as which staff to retain and make redundant. Interactional justice centers on the fairness of the treatment of those undergoing these transitions. (Searle & Ball, 2004, p. 710)

During Credit Union merger activity, it is proposed that organizational justice was likely a top concern for all those employees potentially impacted by a significant shift in their organizations as they move toward a larger merged entity.

The final antecedent of organizational trust studied was communications, defined simply as a process of exchanging information between parties. It is important that the merger parties understand this critical information exchange element, as it serves as a foundation for clarity between merger parties.

As depicted in Figure 1, the proposed conceptual model, used in this study, is based on three antecedents of organizational trust that in turn influence the employee outcomes of impact and the importance of engagement and in turn play a determining role in determining either merger success or failure. Macey and Schneider (2008) attempted to define the relationship of employee engagement to work attributes, trust and even transformational leadership. Their study linked engagement to satisfaction, commitment, job involvement, and psychological empowerment; all factors relative to outcomes that complement either the success or failure of merger.

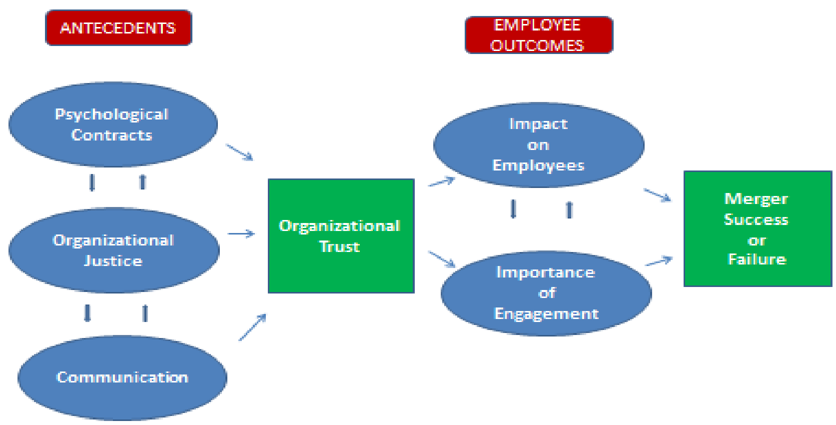

Figure 1. Integration of Organizational Trust Antecedents and Outcomes
Source: Vaillancourt, 2012

Ultimately, it was the overall objective of this research study to evaluate, from an organizational perspective, how the impact of psychological contracts, organizational justice and communication relative to organizational trust influenced the impact on employees and the perceived importance of employee engagement and in turn the success or failure of the merger. A closer study of psychological contracts as the primary antecedent of organizational trust, along with two secondary antecedents, resulted in research findings that contribute to a greater understanding of how Credit Unions leaders should position their organizations for merger success. A comprehensive hierarchy of organizational teams, including senior management, middle management, and support employees was engaged in my research and represents a diverse range of individuals directly impacted and instrumental in merger success or failure. As a Credit Union CEO with extensive contacts and perhaps perceived influence within the Atlantic Provinces; I selected Credit Union participants primarily from Central and Western Canada in order to separate my personal connection and potential influence. It was expected that research findings would have significant future value for the creative development and refinement of Credit Union merger initiatives by virtue of identifying critical success factors linked to the referenced antecedents and outcomes of organizational trust.

Research Questions

Research questions emerged from an interest in the specific organizational trust antecedents, particularly as they related to psychological contracts, and the plethora of opportunities to explore an area that appears, from both an academic and practitioner perspective, to denote a significant gap in the research which needs to be addressed. While the organizational trust factor may appear somewhat narrow in scope; it was significantly associated in the literature (for example, Rousseau et al., 1998) with motivation and performance factors that drove or limited corporate success related to merger opportunities.

The primary means of gathering data was through case study analyses and qualitative surveys, via telephone interviews, with various employees of two Canadian Credit Unions in Central Canada. These employees were exposed in some way to significant merger activity during the years, 2010, 2011 and 2012. For the purposes of this study, significance was defined as a merger between two or more Credit Unions each of which has a minimum staff of 50 and a minimum managed asset size of $100 million prior to the merger. These criteria represented a reasonable mix of employees considered appropriate to service the noted asset size, bearing in mind that a multi-branch Credit Union, with geographical diversity, may in fact require more employees to service its assets and members. The two Credit Unions selected for the case studies were chosen from a pool of 23. Selection began with a letter to 44 Credit Unions within central and western Canada, which had experienced a merger, inviting them to express their interest in this research project. A copy of that correspondence is contained in Appendix B. In that correspondence, I outlined my dissertation topic and research interests, asking each Credit Union to give consideration to their participation based on merger criteria that included operational and financial efficiencies, member retention and growth and employee culture. Of that group, 23 Credit Union CEOs responded. Preliminary telephone meetings narrowed that group to the two chosen case studies, based on those Credit Unions matching or not matching the initial selection criteria. Prior to proceeding with research, a pilot study was conducted within an Atlantic Credit Union that had recently completed a merger. The pilot study was intended to test the validity and effectiveness of the proposed research survey questions and was leveraged as a base to address any required or suggested improvements and modifications to the survey questionnaire instrument.

A series of descriptive, structural and contrast questions was used to gather feedback within the case studies chosen. Primarily, research consisted of conducting case study analyses of one successful merger contrasted with one merger that I initially considered to be marginally or less successful. As a means of surveying a representative sample within the Credit Union organizational structure, for the two case studies, a diverse range of occupational groups was invited to participate. The range of occupational groups included: Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, two investment specialists, two lending specialists, two administrative support positions, and two customer service representatives. Each Credit Union was invited to put forward research participants from those occupational groups. The research focused primarily on Central Canadian Credit Unions and incorporated input of eleven employees for each of the two case studies. These two in-depth case studies were developed with groupings of questions related to the following:

1. Identification of employees' role and involvement in Credit Union merger
2. Employee expectations relative to their psychological contracts
3. Employee perceptions relative to organizational justice
4. Employee perceptions relative to Credit Union communication channels
5. Employee perceptions relative to organizational trust
6. Measurement of the importance of perceived employee engagement
7. Open dialogue and opportunity for frank discussion

Interview questions are contained in Chapter 3: Research Method.

In addition to research findings resulting from the two proposed case studies, additional data sources were used to evaluate the success of merger. These included comparative analyses of published consolidated balance sheets and income statements spanning available data for fiscal reporting periods before and after merger; the results of any employee cultural survey data voluntarily provided by Credit Unions; analyses of member retention and acquisition data; and studies of the penetration of Credit Union community support within respective markets. Additionally, available data relative to top-of-mind awareness and public perception/image of the two case study Credit Unions (pre-merger and post-merger) clearly provided additional credibility to research findings. These factors were considered critical to provide a meaningful measurement of merger success or failure, as there are many determinants of that success or failure.

Nature of the Study

An extensive process of due diligence of each merger entity was undertaken to adequately satisfy needs related to financial performance; integration of data systems; infrastructures; premises; and geographical dispersion; and similarly, attention was paid to how employees of the merging entities contributed and integrated. In this study, I investigated how those employees involved in mergers were impacted. An extensive literature review of the antecedents of organizational trust, particularly psychological contracts, clearly link this primary antecedent of organizational trust with employee engagement and commitment. Researched together, it was my view that psychological contracts and organizational trust were strong predictors of merger success and that the ensuing research findings would yield interesting and meaningful data that will clearly provide positive frameworks for practical leverage by Canadian Credit Unions. Critical to the success of this study was the need to clearly understand the tenets of psychological contracts as the primary antecedent of organizational trust and subsequently link those practical evaluations of organizational trust to merger success or failure as well as to two significant employee outcomes: impact on employees and the importance of employee engagement.

One key element of this format of qualitative interviewing involved the level of confidentiality and protection of privacy that must be provided to interview participants, on the understanding that their individual responses will in no way identify them or reveal confidential data that would potentially imperil their Credit Union employment. This was of particular significance for participants of the Credit Union whose merger was deemed to be marginally or less successful. These individuals felt less willing to volunteer private and confidential information that will perhaps support why their mergers resulted in the way they did.

Combined responses to the suggested Interview Questions contributed to a comprehensive organizational overview of each case study Credit Union. The Interview questions were specifically designed and ordered to create a sequence of queries and hence a sequence of rich and descriptive responses that ultimately provided practical accounts of use to Credit Union practitioners/leaders. The very basic and rudimentary intent was to invite feedback from Credit Union informants for learning purposes. I proposed to utilize each of the elicited participant responses as a means to analyze the effectiveness of the Credit Union's efforts towards ensuring merger success. "One major advantage of case study lies in its naturalistic interpretation of social action" (Brigley, 1995, p. 222). Melrose (2009, p. 1) noted "naturalistic generalization is a process where readers gain insight by reflecting on the details and descriptions presented in case studies." This research process involves inviting readers of each case study analysis to apply practical ideas from the natural and in-depth depictions illustrated within the studies of both successful and marginally or less than successful Credit Union mergers.

Analysis of results required me to effectively discern patterns of commonality, emerging themes and underlying factors that significantly impacted merger success or failure relative to the antecedents and outcomes of organizational trust identified in the proposed conceptual model. Concepts of validity and reliability cannot be addressed as effectively in naturalistic work as in quantitative research, requiring me to prove rigor and trustworthiness of findings by other means. In this respect, strategies to ensure these critical factors were taken into consideration are outlined in more detail in Chapter 3.

Within the Credit Union system, strong cooperative values and a sense of family remain vibrant and are considered essential in supporting a successful network of Co-operative financial institutions. The majority of Credit Union leaders recognizes and embraces the need to come together to increase efficiencies to develop a stronger system and these shared values *should* drive merger success. Nevertheless, a critical thinking approach in developing the methodology for evaluating the results of this series of qualitative research and case studies was essential. Very clear and concise definitions of merger success or failure formed a significant component within this proposed research study.

Significance of the Study

Invariably even the human resources leadership role in merger often only begins after the decision has been announced and there is a need for that department to then step in for the implementation process, which can be counterproductive. This is sometimes, whimsically, referred to as *mop-up duties*. A better approach may be to integrate and, wherever possible, empower employees at various levels in merger processes; the earlier the better. There appear to be few studies that sufficiently address organizational trust factors that are critical to both buy-in and the ongoing employee support required to ensure mergers succeed. Research questions from this dissertation specifically addressed what impact employee contributions had to either the success or failure of partnership mergers, particularly as they relate to the components and expectations relative to employees' psychological contracts and their ensuing levels of engagement. Findings from this study lend critical value in terms of gaining a deeper and more meaningful understanding of how merger partners must leverage employee support to ensure those key drivers (employees) of a successful merger are fully engaged, empowered and committed.

The relevance and practical application of this research study can potentially contribute meaningfully to the future of Canadian Credit Union mergers on regional, provincial and national scopes. It is proposed to share research findings in an effort to accelerate successful initiatives to develop the Credit Union system as one integrated and large network of financial institutions. There are a number of platforms and communication media available to facilitate the transfer of research findings within the Credit Union system and these will be leveraged accordingly.

In this study, I focused on the employee impact that is so often excluded within the merger process. Specifically, organizational trust was studied as it related to employees' psychological contracts. A related component of trust was also evaluated within the case study research, that of perceptions of trust in senior management and even one another; felt trust was similarly evaluated in terms of the impact management's perceptions of trust in subordinates has relative to mergers. Orchestrated together with effective communications and organizational justice, the outcomes of this study present a practical template for use by Credit Union leaders considering similar projects.

Significant outcomes were expected to result from questioning why employees were or were not engaged and committed at various stages of the merger process, whether employees trusted their organizations and why employees did or did not buy into and champion Credit Union mergers. From this questioning, a better grasp of critical success factors emerged and proved instrumental for future merger initiatives. The findings may also help in suggesting ways to shift a negative orientation towards a positive one.

Industry-Specific Definitions

Banking System/Platform: Credit Union information technology infrastructure to support customer information systems, transactional banking data, as well as contact and management information systems

Due Diligence: Measures and processes used by Credit Union management to ascertain reasonableness and prudence of proposed methods or organizational decisions and responsibilities

Electronic Banking: Service delivery channels via electronic means, including automated banking machines, telephone banking and secure Internet banking

Efficiencies of Scale: Cost and operational advantages resulting from merger and amalgamation.

Net Worth per Assets: Within the Credit Union and financial services industry, a measure of the organization's value relative to managed assets, where assets are defined as what the Credit Union owns (see System Assets definition below)

Network: The affiliated group of Canadian Credit Unions within Canada

Non-Interest Expenses: Credit Union general and operating expenses that are not related to the payment of interest on deposits and investments

Provisions for Loan Losses: Credit Union reserves allocated in the event loans become delinquent and/or written off, usually determined annually as a %age of new and existing loan base

System Assets: Within the financial services industry, this includes cash, investments, loans, lines of credit, overdrafts, fixes assets, other assets (net of allowances of impaired loans)

System Equity: Within the financial services industry, this includes shares, retained earnings and current year surplus

System Liabilities: Within the financial services industry, this includes deposit accounts (chequing, savings, guaranteed investment certificates, term deposits), accounts payable and borrowings

Summary

In this study, I specifically addressed the impact of the primary antecedent of psychological contracts on organizational trust, the results of which led to two distinct employee outcomes: employee impact and the perceived importance of engagement. Both organizational justice and communication antecedents were also considered relative to their influence on organizational trust. The current research data on mergers, including downsizing and absorptions, identified a gap in the human resource part of the equation, with very little emphasis placed on this important *people* factor. Dedicating leadership resources to the study of psychological contracts and how obligations on the part of both employee and employer were identified and met, invariably is limited and it is suggested this significantly impacted overall organizational trust. Ultimately, it was the intent of the dissertation to determine the level of employee commitment and buy-in to the merger process, including the timing of that commitment and buy-in, so that going forward more insightful and relevant focus can be placed on critical employee input at a much earlier stage. Employees who were engaged in the process, who trusted in both the process and the leadership and who bought into the merger were more inclined to embrace the process and function as positive change champions.

It is possible that Credit Union leaders would argue that the key drivers of successful mergers and amalgamations must relate primarily to financial exigencies, efficiencies, and economies of scale. Each of these factors was indeed recognized and acknowledged as critical factors within the deliberation and due diligence process of considering merger but once those factors lend themselves to the recommendation to move forward, the employee factors are an imperative to ensure the appropriate importance of engagement for merger success exists. The existing literature related to psychological contracts and related antecedents of organization trust and a description of the proposed research method is presented in Chapter 2.

Chapter 2: Literature Review

Introduction & Relative Conceptual Framework

This descriptive qualitative research study focused primarily on the impact of psychological contracts as a key antecedent of organizational trust relative to the success or failure of Credit Union mergers. The Literature Review that follows is categorized corresponding to the proposed conceptual model, first dealing with the three identified antecedents of organizational trust, then with organizational trust itself and finally with the two identified employee outcomes of organizational trust, those of employee impact and the perceived importance of engagement.

Primary and secondary research revolved around the conceptual framework previously illustrated in Figure 1 (p. 7), with a study of the three noted antecedents and two outcomes of organizational trust. Specifically, a focus on psychological contracts was studied in greater detail. Employee survey and interview results were evaluated relative to how organizational trust impacted the success or failure of Credit Union merger initiatives. It was proposed that the timeliness and the level of integration of the human resources, i.e. looking at the *people factor* within the process would predict the level of success in terms of positively engaging employees, based on how employees felt the tenets of their psychological contract obligations were met and their trust of their leaders and in turn the trust those employees felt their leaders have in them.

History, Current Status, and Future Prospects related to Credit Union Mergers

As of year-end 2010, the national Credit Union system consisted of 386 independent Credit Unions, representing a significant reduction from previous years. In the 20-year period between 1990 and 2010, the number of Credit Unions fell by 817, declining at an average rate of about 40 Credit Unions per year. System assets, on the other hand, have quadrupled during this period, with an average increase of approximately $4.6 billion per year. While partnership mergers have reduced the total number of Credit Unions, the network of branches, combined with the range of electronic banking services available to member owners, remains very strong (Credit Union Central of Canada System Results [CUCCSR], 2010, p. 2).

There has also been a substantial increase in the share of total Credit Union assets controlled by the largest Credit Unions. The largest ten Credit Unions (outside of Quebec) in 2011 controlled 43% of the national system assets, compared with 30% in 2000 and 24% in 1990. The largest 100 Credit Unions represent 82% of assets within the Canadian system, compared with 68% in 2000 and 60% in 1990. The smallest Credit Unions, in fact, only have 18% of the total assets (Credit Union Central of Canada System Brief [CUCCSB], 2010, p. 4).

Relationship of Organizational Culture and Climate related to Credit Union Mergers

Shook and Roth's (2011, p. 135) study of the perspectives of human resource practitioners involved in mergers, acquisitions and/or downsizings highlighted a series of potential negative impacts on employees:

> Studies of downsizings, mergers, and acquisitions indicate that employees who are concerned about their employment status are either not working at 100 % of their productivity capability or they are meeting production goals with increased quality errors. Increased errors cause increased *rework* and the net effect is a decrease in productivity.

Shook and Roth (2011) also noted the element of surprise, wherein many organizations choose to limit the knowledge of pending actions to a select group of senior executives, leaving the remaining employee stakeholders *in the dark* until the actual announcement of merger. This results in a very significant loss of employee and organizational trust as well as an overall sense of disillusionment and discouragement on the part of the employees who in fact need to be engaged and instrumental in the merger process success. Ultimately, organizational trust can be replaced by fear and result in a level of work stress that is clearly unproductive.

“Organizational culture refers to the complex set of beliefs, assumptions, values, attitudes, expectations and norms held and shared by its members (management and employees) and exhibited in artifacts and behaviors” (Lam, 2010, p. 11). Martin (2002, p.4), in *Organizational Culture: Mapping the Terrain* noted:

> Functionalist studies of culture offering the promise, to the delight of many managers, that a “strong” culture (one that generates much consensus among employees of an organization) will lead to outcomes most top executives desire to maximize, such as greater productivity and profitability.

Although my research study did not focus primarily on organizational culture, I proposed that a basic understanding of Credit Union cultures may hold significance from the perspective of understanding how employees integrate their beliefs, values, and expectations with those of their leaders and counterparts in the Credit Union with which they are merging. I proposed that organizational culture might in turn impact the climate for change and the willingness on the part of Credit Union employees to work towards merger success. It is not considered either an antecedent or outcome of organizational trust but a factor for consideration within the context of this research study. Research participants were asked to comment on their perceptions relative to organizational culture, both before and following merger.

From the perspective of Credit Union mergers, it is incumbent on the leadership teams to ensure that, first, employees understand the rationale for merger and, second, they identify and pay attention to what is required to ensure merger success. Effective communication within both merging Credit Union entities will prove extremely critical by opening up dialogue, understanding and promotion of a positive organizational culture that should enhance employee engagement, as well as merger success.

Antecedent of Organizational Trust: Psychological Contracts

> Psychological contracts consist of individuals' beliefs regarding the terms and conditions of an exchange agreement between themselves and their organizations (Rousseau, 1989). Of critical importance in the establishment of any psychological contract is the belief that a 'promise' (either implicit or explicit) has been made and that a 'consideration' has been offered in exchange for it. (Turnley & Feldman, 2000, p. 25)

Credit Union employees provide a level of support and champion merger processes to the extent their psychological contracts are being met, for example if the terms of the contract have not been violated. I propose that breach of psychological contracts can result in a reduced level of organizational trust, significantly reduced job satisfaction and a decrease in commitment to the employer. I further propose that this level of compromised engagement and commitment, interpreted from a Credit Union perspective, potentially erodes the merger process and illustrates the need for a clear understanding of all the components of the psychological contract between employee and employer. Ultimately, this study will determine if and how violations may result in unmet expectations on both parties and job dissatisfaction.

A primary challenge with psychological contracts relates to their distinctive difference from formal or implied contracts. Psychological contracts are inherently perceptual. Misunderstanding can emerge when the employer unilaterally changes the contract without appropriate negotiation with the affected workers, and therefore, one party's understanding of the contract is not shared by another party. Beliefs play a significant role in how psychological contracts are developed because beliefs form the foundation for employees defining what they are entitled to receive, or should receive, i.e. their expectations of their employer. At some point in the hiring process, the employer conveyed promises to provide those things, whether those promises were implicit or explicit.

An interesting research study by Robinson (1996), suggested the focal point of interest in a study of psychological contract breach was not in fact the breach itself but employees' perception of the breach; a subjective experience within a particular social context. Robinson found that new hires reported relatively high initial trust in their employers and they reported that their employers made promises obligating them to provide a variety of traditional benefits and rewards in return for the employees' contributions to the firm. These employees believed in the promises of their employer, reacting strongly when those promises went unfulfilled. Psychological contract breach was found to be negatively related to three forms of employee contributions: performance, civic virtue behavior, and intentions to remain with the organization. Robinson's results, as interpreted by Braun (1997), suggested that violated trust cannot be easily rectified or repaired by simply correcting unmet expectations. From a Credit Union merger perspective, this suggests the need to ensure clear understanding of reciprocal expectations and perceptions related to the act of merging two entities.

In a related study of psychological contracts and organizational identification, as cited by Zagenczyk et al., (2011), Restubog, Hornsey, Bordia and Esposo (2008) argued that a critical outcome of psychological contract breach is organizational identification, which is defined as the extent to which employees define themselves in terms of what they think the organization represents, or more simply their perceived "oneness" with the organization (Ashforth & Mael 1989; Zagenczyk et al., 2011). Restubog et al. (2008) argued and found support for the proposal that organizational identification and organizational trust mediated the relationship between psychological contract breach and organizational citizenship behavior. By contrast, organizational disidentification is a condition in which employees' sense of self or self-definition, i.e. values, core beliefs, etc., stands in direct opposition to what he or she perceives defines the organization. Zagenczyk et al. (2011, p. 275) concluded from their research that:

> Broken promises related to relational elements of the employer-employee relationship signal to employees that they are not supported, and as a result they incorporate organizational membership into their self-concept to a lesser degree and cognitively distance themselves from the organization.

Antecedent of Organizational Trust: Organizational Justice

During Credit Union mergers, justice assessments by employees of the merging entities may sometimes be associated with how employees behave and act. Meta-analytic results support a relationship between justice perceptions and key organizational outcomes, including organizational commitment, task performance, and citizenship behavior (Cohen-Charash & Spector, 2001; Colquitt, Scott, & LePine, 2007; 2002; Colquitt & Rodell, 2011; Dirks & Ferrin, 2001).

Organizational justice relates specifically to how Credit Union employees feel they have been fairly treated and, for the purpose of this study, organizational justice is divided into three dimensions: (a) Distributive justice, wherein consideration is given to the decision outcomes and resource allocations relative to appropriate norms; (b) Procedural justice, wherein consideration is given to the perceived fairness of decision making procedures and evaluated by their level of consistency, bias suppression, accuracy, correctability, ethicality, and the degree to which they allow voice and input (Leventhal, 1980; Thibaut & Walker, 1975); and (c) Interactional justice, wherein the fairness of interpersonal treatment during decision making procedures is assessed (Colquitt & Rodell, 2011). Research indicated that organizational justice is related highly to both trust in the direct leader and trust in the organization (Aryee et al., 2002; Dirks & Ferrin, 2001; Stinglhamber et al., 2006). Work relationships are encouraged by organizational justice because Credit Union employees make investments that constitute commitment to the other party, one of the tenets of organizational trust. If employees feel they have been treated fairly, similar to the principals around psychological contracts, they will feel an obligation to reciprocate to the organization through positive attitudes and performance.

Hoy and Tarter (2004) outlined the following ten key principles of organizational justice that are easily transferable to success within Credit Union mergers:

1. The Equity Principle: What individuals receive from the organization should be proportional to their contributions;

2. The Perception Principle: Individual perception of fairness contributes to the general sense of justice;

3. The Voice Principle: Participation in decision making enhances fairness;

4. The Interpersonal Justice Principle: Providing sensitive, dignified, and respectful treatment promotes the judgment of fairness;

5. The Consistency Principle: Consistent leadership behavior is a necessary condition for subordinate perception of fairness;

6. The Egalitarian Principle: Decision making should be free of self-interest and shaped by the collective mission of the organization;

7. The Correction Principle: Faulty or poor decisions should be corrected;

8. The Accuracy Principle: Decisions should be based on accurate information;
9. The Representative Principle: Decisions must represent the interest of concerned parties; and
10. The Ethical Principle: Decisions should follow prevailing moral and ethical standards.

As an antecedent of organizational trust, organizational justice was studied from the perspective of defining employee perceptions within this research, for example contrasting case studies with a representative cross-section of Credit Union occupational groups. The format of questioning is outlined in detail within the sample Interview Questions contained in Chapter 3.

Antecedent of Organizational Trust: Communication

During merger discussions, dynamic and effective communication at all levels within each merging entity is critical, as well as the formal and informal sharing of meaningful and timely information between the merging Credit Unions. Nguyen and Kleiner (2003, p. 452) noted: “The communication plan must aim to share with employees:

- The shared vision for the new company
- The nature and progress of the integration project and the anticipated benefits; and outcomes and rough timescales for future decisions.”

Complex components of the pending partnership are analyzed from divergent perspectives in the hopes of reaching common ground. Clear and concise communications outlining those complex components is essential, as is a level of effective communication within and between the merging Credit Unions. This is too often neglected as a key antecedent of organizational trust, as there develops a senior management ownership of the key *deal breakers* that is often not communicated to the support employees who must champion the ensuing merger process. I proposed that factors of timeliness of communication as well as honesty and openness of communication are essential and will ultimately minimize misunderstandings as well as unfounded employee apprehensions.

There also needs to be recognition within merging Credit Unions of the level of potential anxiety, fear, and doubt relative to merger, particularly as it relates to how an employee will be personally impacted. In the absence of clear communication at all levels of merger, confidence, disbelief and suspicion potentially emerge, often fueled by gossip and innuendo. Where distrust emerges survivors become vigilant social information processors seeking to examine the motives and intentions of others (Fein, 1996; Fein & Hilton, 1994; Kramer, 1996, 2001; Searle & Ball, 2004).

A 2003 Towers Perrin study of more than 1,000 working Americans, *Enhancing Corporate Credibility: Is it Time to Take the SPIN Out of Employee Communications?* concluded: “company communications about the business – e.g. the company’s strategy, performance and competitive challenges – are viewed as credible by less than half of employees, and appear dishonest to roughly a quarter of the workforce” (Beslin & Reddin, 2004, p.2). Mistrust and disbelief in information communicated reduces employee engagement and commitment.

Anderson and Weitz (1989) emphasized the critical role of communication because “communication improves trust by resolving disputes and misunderstandings and by aligning perceptions and expectations” (p.191). This view concurs with the results of the study by Friman et al. (2002), which indicated that communications of high quality (i.e. relevant, timely and reliable) may increase trust (Theron, Terblance & Boshoff, 2011).

Generally, employees validate their trust in the organization based on whether or not there exists a climate of open and honest communication. This includes upward and downward communication, as well as the perception that everyone within the organization is listened to. Open, honest and accurate feedback and communication from the employer (through supervisors or managers) affect employee trust in management and the whole organization, and the exchange of thoughts and ideas enhances perceptions of trust (Shockley-Zalabak et al., 2000; Whitener, 1997; Whitener et al., 1998).

Organizational Trust

Kim, Bateman, Gilbreath and Anderson (2009) conducted a study related to top management credibility and employee cynicism, finding that employees become cynical toward management when managers are not trustworthy and lack credibility. Hubbard and Purcell (2001) studied the management of employee expectations during acquisitions and presented two sample cases, one of which studied cost reduction and the collapse of trust. In their case study, an acquiring organization's CEO had a ruthless reputation in the industry, resulting in communication to employees being kept to a minimum. Several key employees indicated their intention to leave the organization; these individuals were also the employees who were most critical of management credibility, fairness, communication and trust.

Hubbard and Purcell (2001) suggested that critical to the success of Credit Union mergers is the need for senior managers to be transparent, trusted and beyond reproach with respect to modeling integrity and a strong ethics value set. Key factors common to the authors' organizational trust measurement were the level of effective employee communication and the lack of sensitivity in dealing with procedural and cultural changes. Invariably, merger employees base their degree of support on how they perceive the leaders to be honestly communicating with them to explain the full impact of pending partnerships. As noted in the previous section, this study evaluated communication as an antecedent of organizational trust.

"A leader's greatest battle today is to win the trust of stakeholders" according to Beslin and Reddin (2004, p. 1). According to de Ridder (2004), trust can be considered the basis for interpersonal relationships, cooperation and stability in social institutions (Lewicki & Bunker, 1998). In light of that, organizational trust may be an important generator of social capital and supportive attitudes that are critical to both merger success and effective employee engagement.

A very fundamental definition of trust is quite beautiful in its simplicity: "It is the unquestioned belief that the other person has your best interests in heart" (Beslin & Reddin, 2004, p. 4). Yet Feltman (2009) defined trust as "choosing to risk making something you value vulnerable to another person's actions" (p. 1). Over the decades, there have been numerous studies of organizational trust and one of the best known models of trust within organizations was defined by Mayer et al. (1995) as "Trust is defined by these authors as the willingness of a party to be vulnerable to actions of another party based on the expectations that the other will perform a particular action important to the trustor, irrespective to the ability to monitor or control that other party" (p. 712). Dirks and Ferrin (2001) defined organizational trust as "a psychological state providing a representation of how individuals understand their relationship with another party in situations involving high risk or vulnerability" (p. 482).

For the purpose of this paper, and taking into consideration a leadership perspective related to Credit Union mergers, organizational trust calls on subordinate employees to base their behavior and actions on the degrees to which they feel senior managers' actions align with the best interests of the company with as much consideration as possible being given to the employee's best interests.

Heightened cynicism may in turn create distrust and lead to negative perceptions that may compromise Credit Union merger success. Two forms of employee cynicism are worth noting. Employees experiencing *cognitive cynicism* believe that principles have been sacrificed to expediency and that duplicity and self-interest are at play (Kim et al., 2009). In a merger situation, this could manifest itself in a belief that leaders lack fairness, honesty and sincerity. *Behavioral cynicism* can likewise influence both job performance and organizational commitment and may manifest itself in negative, disparaging behavior such as criticism, sarcastic humor, negative non-verbal behavior, cynical interpretations of organizational events, and pessimistic predictions related to the ultimate success of the partnership merger.

"When employees trust their leaders, they engage in the work and the organization, buy into organizational changes and transitions, and operate from an inclusive, collaborative perspective. Trust is the foundation on which employee engagement is built" (Wilson, 2009, p. 49). Yet, Fairholm (1994, p. 1) stated:

> Trust is the glue holding the organization and its programs and people together. It is the prime mechanism for group cohesion. Indeed, no organization can take place without interpersonal trust, and no organizational leader can ignore the powerful element of trust as he or she creates and manages his or her organization's culture and induces stakeholders to behave in needed ways.

Recent developments within the national umbrella organization, Credit Union Central of Canada, identified priority action plans related to national connectivity, branding and collaboration. These innovative initiatives are being embraced by progressive Canadian Credit Unions poised to leverage responsible growth through working together in a collective spirit that is so indicative of the cooperative financial sector.

"Distrust lowers the morale of employees as it saps the passion and integrity associated with being part of a group of people working toward a common mission or goal" (Wilson, 2009, p. 50). Fear of an unknown new leader fosters an atmosphere of apprehension and further supports the need for new leadership to personally establish credibility by proven actions. According to Hill (2008, p. 4):

> A CEO must protect his or her credibility above all else, because people expect to believe their leaders and want to feel that their leaders care about them. People follow people they like and, without being deemed trustworthy, the probability that people will truly like a leader and strive on behalf of achieving success for the greater good is close to zero.

Yet Prahalad (2010) suggested "Managers must remember that they are the custodians of society's most powerful institutions. They must therefore hold themselves to a higher standard" (p. 36).

Lester and Brower (2003) investigated the motivation that subordinates feel when they sense that their leader trusts in them. "Subordinates felt trustworthiness is the extent to which a subordinate perceives that his leader evaluated him to be a trustworthy individual" (p. 18). In the study that follows, I extend the literature on trust in two important ways:

1. I demonstrate the significance of subordinates' awareness that their supervisors perceive them to be trustworthy.
2. I distinguish between subordinates' felt trust and the trust that subordinates have in their leaders by finding that both may be related to outcomes of interest to the organization.

Furthermore, Lester & Brower (2003, p. 25) suggested "When employees perceive that they are trusted, their job satisfaction is increased, they will work harder, go beyond the call of duty, and be happier with their work"

Outcome: Impact on Employees and Importance of Employee Engagement

Wellins and Concelman (2005a, p.1) suggested that engagement is “the illusive force that motivates employees to higher (or lower) levels of performance.” Yet, Colbert, Mount, Harter, Witt and Barrick (2004, p. 603) defined engagement in terms of a “high internal motivational state.” Similarly, Dvir, Eden, Avolio and Shamir (2002, p. 737) defined *active engagement* in terms of “high levels of activity, initiative and responsibility.” Despite the many attempts by scholars to define employee engagement, it is obvious the term implies a positive passion and commitment and, most importantly, a willingness to put forward the effort required to help the employer succeed, which is essentially what Credit Union leaders hope their employees contribute during merger activity. The importance of employee engagement cannot be understated. Research shows that the employees with the highest levels of commitment perform 20% better and are 85% less likely to leave the organization (Suresh, Manivannan and Krishnaraj, 2015). They suggested “engagement is about passion and commitment – the willingness to invest oneself and expand one’s discretionary effort to help the employer succeed, which is beyond simple satisfaction with the employment arrangement or basic loyalty to the employer” (p. 10001)

Development Dimensions International (DDI, 2005) stated that a manager must do few things to create a highly engaged workforce. An organization’s strategies should be aligned with employees’ hard work. When employee engagement is realized then attrition rates are reduced. Engaged employees are 50% more productive than employees who are not engaged. The key drivers of employee engagement identified include communication, opportunities for employees to feed their views upwards and thinking that their managers are committed to the organization.

The Blessing White Organization (2014) developed a model for Employee Engagement by classifying the concept into five levels with reference to the level of individual contribution towards organizational achievement and job satisfaction: (a) The Engaged, (b) Almost Engaged, (c) Honeymooners and Hamsters, (d) Crash Burners, and (e) Disengaged (Bhuvanaiah & Raya, 2014). My research study queries participants with respect to their perceived level of engagement at various stages of the merger process, as this is considered critical in determining the extent of employee support.

Employee engagement flows from an environment of trust and respect of the senior leaders; one that is earned and warranted. How employees perceive the importance of engagement throughout the merger process can also be impacted by the merger experience they have had, especially as it relates to the leaders' actions and how they feel about the organization. A renewed emphasis on corporate ethics and morality has become a positive outcome from the Enron and Worldcom debacles, an effort to reassure Credit Union customers that they can trust their financial institutions. At no time in the history of the financial services industry has this call for trust and credibility been greater. As Credit Unions increase their merger activity, leaders seek novel means of motivating employees to become engaged and supportive (G. Adams, personal communication, February 20, 2010).

Outcome: Merger Success or Failure

Simply stated, the success or failure of any Credit Union merger will be based on a number of factors including but not limited to measures of the following:

1. Operational and financial efficiencies: Specifically this will be measured through the impact merger has on profit margins and efficiency ratios within each of the first five years following the merger of the two Credit Unions. Reasonable comparisons to industry ratio benchmarks will be applied to measure change relative to both operational and financial efficiencies. Evaluations of *risk* will be studied through liquidity measures; *asset quality* through allowances for impaired loans, total loans and fixed assets each as a percentage of total assets; *stability* through measuring total equity as a percentage of total assets, retained earnings as a percentage of total equity and total shares as a percentage of total equity; and finally *productivity and surplus* through measures of financial margin as a percentage of average total assets, operating expenses as a percentage of average total assets, operating expenses as a percentage of financial margin, operating expenses as a percentage of interest revenue (efficiency), operating margin as a percentage of average total assets and surplus as a percentage of average total assets.

2. Customer retention and growth: Through the leveraging of a dynamic and effective data mining measurement tool, supplemented by annual customer surveys and focus groups, the merged Credit Union will be able to provide reasonably accurate measures of changes in customer numbers as well as a determination of how the merged organization is responding to identified customer product and service needs. Both Marketing and Business Development initiatives and results will be measured against retention and growth strategies/goals.

3. Employee climate survey results suggesting a positive or negative employee climate of the merged Credit Union entities. It is recognized that, within this research study, it was deemed impractical to accurately measure this outcome in light of the need for change to be measured over a longer period of time. Essentially, this longer measurement period would exceed the research period of this study.

Summary

This study developed and further refined how the antecedents of trust, psychological contracts, organizational justice and communication influenced organizational trust that in turn had an impact on employees and the perceived importance of their engagement. All these factors ultimately defined the success or failure of the Credit Union mergers.

Chapter 3: Research Method

Research Method and Design

In this descriptive qualitative study, I explored organizational trust relative to Credit Union mergers. More specifically, I looked at the level and degree of organizational trust, which may have an effect on the success or failure of the merger. I also focused on how Credit Union employees were impacted and studied their perceptions on how important they felt their level of engagement was. From a theoretical perspective, this is essentially a multiple case studies qualitative research project using semi-structured interviews with open-ended questions. This approach was chosen over others based on its inherent ability to determine how Credit Union employees respond with authentic and practical information relative to their own experiences. In this study I utilized an exhaustive and comprehensive analysis of how the *people factor* is specifically related to psychological contracts and organizational trust and in turn influences the successful outcome of merger initiatives. This was achieved by pursuing a research premise founded on the belief that both an early and more focused emphasis on the human side of these ventures drove either successes or failures. It was my belief that it was critical to recognize, at an early state, that timeliness of involving multiple layers of employees in mergers was considered significant. It was therefore my intention to seek input from participants that either validated or invalidated that premise.

Qualitative research was chosen to ensure I developed a clear understanding of Credit Union employees, what they say and do, and their personal perceptions on Credit Union mergers. It allowed me to understand the context within which merger decisions and actions take place. This context, possibly multiple contexts, can only be clearly understood by talking to people via personal interviews. Leveraging the use of primarily open-ended questions to solicit insightful and detailed feedback was critical, since this level of qualitative research offered an opportunity to delve deeper into the perceptions of Credit Union employees. Kaplan and Maxwell (1994), as cited in Myers (2009) indicated the goal of understanding a phenomenon from the point of view of the participants and its particular social and institutional context is largely lost when textual data are quantified. Understanding the thoughts of employees who have been involved first hand in Credit Union mergers helped to explain their actions in terms of how their actions impacted merger success or failure and the importance of employee engagement in the merger process. As such, qualitative research as outlined here was considered to be the optimum choice for the proposed study.

The research questions are clearly stated and appropriately aligned with the problem statement and each stage of the proposed conceptual model outlined on page seven.

Participants

My data collection entailed a series of telephone interviews with a diverse range of occupational groups within each of the two chosen case studies. The range of occupational groups consisted of but was not limited to the following 11 positions: Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, two investment specialists per case study, two lending specialists per case study, two administrative support positions per case study and two customer service representatives per case study. An introductory electronic communication was sent to each of the research participants who had agreed to take part in this research study and a copy of that document is contained in Appendix D. An Interview Consent Form was forwarded to each participant, who was requested to complete and return this document prior to scheduling of research interviews. A copy of the Interview Consent Form is contained in Appendix E.

I focused my research on more in-depth questioning interviews within one Credit Union initially deemed to have gone through a successful merger process and within one Credit Union initially deemed to have gone through a marginal or less than successful merger process. Selection of the two Credit Unions for case study research was dependent on responses to an invitation letter to all Credit Unions in Central and Western Canada. A copy of this communication is contained in Appendix B. A total of 44 Canadian Credit Unions (from Central and Western Canada), were initially approached and expressions of interest received from 23 of those Credit Unions. From within the group of 23 Credit Unions who had responded, I evaluated how those particular mergers linked to my research interests and gauged the communication with the CEOs specifically as it related to their expressions of interest in my research. From this initial population, 19 Credit Unions were eliminated, primarily due to the CEOs interests did not align with this research project. In the case of 14 of those 19 Credit Unions, the CEO questioned if their Credit Union would have the time to participate in my research, as they were extremely busy dealing with the impact of their respective mergers. In the case of the remaining 5 of those 19 Credit Unions, the CEOs expressed strong concerns about the potential negative impact on their employees, if they were to participate in my research study. I found these responses somewhat surprising and attempted to delve further into the rationale provided by these 5 CEOs for their suggestions. In all 5 cases, those CEO's felt their respective mergers were not effective processes, from a human resources perspective; in some cases indicating their employees felt very disillusioned and unhappy as a result of the merger. There were some very obvious and discernible human resource challenges within this group of five Credit Unions and I chose to not pursue matters further with them. Of the remaining four Credit Unions who expressed an interest in my research, there were two that clearly stood out as being very intrigued, interested and supportive of my research, each of them generally meeting the selection criteria earlier established. Both of their CEO's were forthcoming and frank in their overall assessments of their respective merger processes and provided valuable feedback comments to me that would suggest they would represent excellent case studies. In some respects, this might be considered a means of obtaining a convenience sample, with the spirit and willingness of the leaders playing an important and critical role in my selection process.

The two chosen Credit Unions met the following criteria as outlined in August 28, 2013 to each Credit Union (see Appendix B):

1. Operational, Stability and Financial Efficiencies
2. Member Retention and Growth
3. Employee Impact and Culture

Both of the chosen Credit Unions are situated in the province of Ontario and have been in operation for several years. One of the case study Credit Unions is an open bond provincial credit union with multiple branches and over $1 billion in managed assets. The other case study Credit Union is a closed bond provincial community credit union with multiple branches and $.75 billion in managed assets. Both Credit Unions are the successful products of past mergers and amalgamations and both have branch representation in both urban and rural markets of Ontario.

Within each of these two case studies, eleven employees, in various occupational groupings, as listed in an earlier section, were interviewed. It was felt this group of employees represented fairly a cross-section of the Credit Union occupational groups who could best articulate their perceptions as they related to their recent merger. That is primarily due to the fact that each of these occupational groups could provide a unique perspective as it related to what they do on a day-to-day basis as it relates to the impact of a Credit Union merger. I leveraged my experience as a Credit Union CEO to determine the most significant occupational groups as it would relate to acquiring relevant and meaningful input. As indicated earlier, an initial pilot study was conducted within an Atlantic Credit Union that had undergone a recent merger. This study was completed for the purposes of evaluating the effectiveness of the survey instrument and to assess the appropriate timing for each interview.

I determined that a case study strategy can best be leveraged to solicit meaningful knowledge of practitioners within their natural Credit Union setting. From that knowledge base, it was anticipated that a good understanding can be obtained as it relates to critical merger success factors, in particular how those factors relate to psychological contracts and organizational trust.

> The benefits of the methodological richness of qualitative research are balanced by the difficulties of "coming to grips" (as a practitioner, consumer and evaluator) with the diversity of approaches and their associated requirements for quality, validity and rigor. (Cepeda & Martin, 2005, p.853)

The participants for this research included a sample of all occupational groups within the Canadian Credit Union system in Central Canada. Each of the two Credit Union CEOs provided a list of potential research participants in response to my request for selected employees. At the juncture of requesting suggested participants, I asked each CEO to consider the selection of individuals who would willingly volunteer information, either positively or negatively as it related to their respective merger. Both CEOs were very open and honest with me concerning their selection of participants, in both cases providing the names of individuals they felt would speak openly and frankly, not just representing a positive perspective of their merger. It must be recognized there is of course a potential risk of bias on the part of the CEOs who might only put forward the names of individuals they felt would speak positively. However, having considered and discussed this bias at length with each CEO, I felt reasonably confident that they were providing a representative cross-section of employees who would provide meaningful input to my research study. One CEO went so far as to convene a telephone meeting between me and his senior management team to allow others on his management team to discuss the most suitable research participants, allowing me an opportunity to ask questions about each participant to determine their suitability to my study. Each CEO also provided names of participants from each of the two merging entities, and at the beginning of each interview, I confirmed the entity they represented before commencing the interview.

Data Collection

A series of interviews with individual employees was undertaken, centering on those merger success factors considered unique and distinct within each occupational group, with an emphasis primarily on the tenets of employee psychological contracts and secondly on the two additional antecedents of organizational trust: organizational justice and communication. The reason that all occupational groups were chosen for this research was to create a dataset that could be subject to analysis by occupational groups across both case studies, for example, senior managers, retail and commercial lenders, investment specialists, financial planners, administrative officers, and customer service representatives. It was anticipated that perspectives and opinions within the various occupational groups would vary based on how each of those employees defines their role and how they interpret and assimilate the survey and interview questions.

To link case study research to organizational trust and the projected outcomes, these case groups were asked to provide their honest evaluations relative to personal experiences and perceptions. Those results were analyzed to identify common themes.

Interview questions for the two case studies were as follows:

Following an overview of the researcher's study, including a review of the conceptual model and definitions of antecedents and outcomes of organizational trust, the following series of interview questions were asked. These were categorized under the seven groupings in the order described within the literature review and identified earlier:

IDENTIFICATION OF EMPLOYEES' ROLE AND INVOLVEMENT IN CREDIT UNION MERGER

1. To what extent were you included in the following:

    a. Pre-Merger Information Sessions, Updates and Discussions?

    b. Pre-Merger Planning & Due Diligence (including Financial, Administrative , Operational and Human Resources)

    c. Banking System Platform & Data Merge Planning and Changes

    d. Post-Merger Information Sessions, Updates and Discussions

    e. Post-Merger Administration, De-Briefing and Transition Processes

2. Did you feel a sense of inclusiveness in the merger of Credit Union A with Credit Union B? Why or why not?

3. Did your leadership team value your input to the merger, in your opinion? Please explain.

EMPLOYEE EXPECTATIONS RELATIVE TO THEIR PSYCHOLOGICAL CONTRACTS

4. A psychological contract is defined as “an individual’s belief, shaped by the organization, regarding reciprocal obligations” (Rousseau, 1995; 2005). In other words, it involves the implicit expectations between you, the employee and your employer, the Credit Union. What did you expect from the organization at time of merger?

5. How do you feel your Credit Union has reciprocated its obligation to you, based on what you have provided to your Credit Union? Please elaborate on the reasons why you feel the way you do.

6. Do you perceive there has ever been a breach of your psychological contract, either by you or by your employer? If so, please elaborate on how that breach occurred and what you feel is/was necessary to resolve that breach.

7. I would like to gain a sense of how you identify with your Credit Union. For example, do you perceive a sense of “oneness” with the organization and do you feel your values and core beliefs are aligned to the values and core beliefs of your Credit Union? Please feel free to elaborate on your response.

EMPLOYEE PERCEPTIONS RELATIVE TO ORGANIZATIONAL JUSTICE

8. How do you feel you have been treated by your Credit Union during the merger process? Do you feel what you received after the merger was fair and reasonable in return for what you provided to the company? Please elaborate on your answer.

9. Do you feel you had an equal and reasonable voice in providing your input and ideas relative to the merger and were you treated respectfully? Please elaborate on how you feel about this.

10. How would you respond to the following questions? Feel free to elaborate or explain further:

   a. Do you feel Credit Union decisions and outcomes relative to the merger were reasonable and necessary?

   b. As a follow-up to the previous question concerning merger decisions and outcomes, were these consistent and ethical across the Credit Union?

   c. Do you feel the merger decisions and outcomes were fair and respectful of all Credit Union employees?

EMPLOYEE PERCEPTIONS RELATIVE TO CREDIT UNION COMMUNICATION CHANNELS

11. How do you feel the two Credit Unions have communicated with you concerning merger preparedness, timelines, impact analyses, due diligence processes and periodic updates?

Please elaborate with additional thoughts relative to the communication process you were a part of.

12. Was your Credit Union sensitive and cognizant of the personal impact of pending merger on you? If so, how?

13. From an employee communications perspective, what might you recommend be done the same or differently if that opportunity were provided?

EMPLOYEE PERCEPTIONS RELATIVE TO ORGANIZATIONAL TRUST

14. How would you describe the level of trust you had in your leadership team before, during and following the merger of your two Credit Unions? Has there been a significant change in the level of trust in your leadership team? If so, please elaborate

15. [Following a brief verbal outline of Lester & Brown's concept of *felt trustworthiness*]: Please describe how you felt your leadership team trusted you before, during and following the merger of your two Credit Unions. How did their trust in you make you feel?

16. Organizational Trust is defined as the degree of trust that exists between organizational members, i.e. the employees of the Credit Union. Do you feel there is organizational trust within your combined Credit Union and why?

17. Do you feel that your interests are aligned with that of senior management as it relates to Credit Union mergers?

MEASUREMENT OF PERCEIVED EMPLOYEE ENGAGEMENT

18. How were you impacted by the merger of Credit Union A with Credit Union B, both:

    a. Personally?

    b. Professionally?

19. From your perspective, what are the most critical "people factors" to consider in Credit Union mergers?

20. Having described those critical *people factors* from the last question, how effectively do you feel your Credit Union dealt with each of these?

21. In your own words, first please describe how important you feel a Credit Union employees' engagement and commitment is throughout the merger process, specifically:

    a. Before Merger

    b. During Merger

    c. After Merger

22. In your own words, now please describe how important you feel <u>your</u> own personal engagement and commitment was throughout the merger process, specifically:

    a. Before Merger

    b. During Merger

    c. After Merger

OPEN DIALOGUE AND OPPORTUNITY FOR FRANK DISCUSSION

23. Please describe what you feel should have been done differently during the merger of your two Credit Unions.

24. If you could select one or perhaps two lessons to be learned from your recent Credit Union merger, what would those be?

25. How would you describe the overall organizational culture following the merger? Please feel free to comment regarding retention or changes in values, norms, expectations, attitudes or work ethics.

26. What else would you like to add?

The use of open-ended questions contributed effectively to the process of gathering pertinent and meaningful feedback from research participants. I felt a case study methodology would yield richer iterative results. Yin (1994, p. 9) suggested “Case study research is useful when a how or why question is being asked about a contemporary set of events over which the investigator has little or no control.” In this study, I proposed to still leverage the use of specific how or why questions within a case study framework that solicited a fresh perspective that in turn was analyzed relative to the conceptual model proposed.

Data, Processing and Analysis

Each interview was transcribed. Kvale’s (1996) seven-step process of thematizing, designing, interviewing, transcribing, analyzing, verifying and reporting was used to minimize bias and subjectivity during data analysis.

Evaluation and analyses of research data identified common patterns and themes. Data gathered from case studies were reviewed within the seven identified groupings and analyzed by comparing the various interview responses that emerged. This level of analyses required a comparison process whereby respondents’ descriptions and feedback were linked in terms of common emerging themes that I felt were evident through opposite responses that should account for the perceived success or failure of merger. The case study data were then evaluated against the proposed conceptual model.

It was critical to capture relevant input from all twenty-two case study participants to ensure a clear understanding of each of the antecedents of organizational trust illustrated in the conceptual framework proposed. This was particularly critical as it related to how employees at all levels within the Credit Union system studied defined their psychological contracts and the level of reciprocal obligations expected of both parties --- employee and Credit Union. Combined with employee perceptions about organizational justice and the organizational channels of communication, a foundational understanding was described relative to the resulting level of organizational trust in that Credit Union. Only through the process of generating a series of open-ended questions that elicited the type of descriptive responses envisioned was the true *people* impact described and captured. These descriptions established a rich base of data to describe and understand critical success factors for Credit Union mergers. Results in turn assisted in refining and significantly improving the likelihood for success of future Credit Union merger initiatives.

Shenton (2003, p. 63) addressed trustworthiness relative to qualitative research projects, noting "their concepts of validity and reliability cannot be addressed in the same way in naturalistic work." In this study, Guba and Lincoln (1994) outlined the constructs of credibility, transferability, dependability and confirmability, all of which relate to the proposed research study, but most significantly those of credibility and confirmability. Within the construct of credibility, four techniques were used by the researcher, those of: (a) Development of an early familiarity with the overall culture of the Canadian Credit Union Co-operative system, specifically the two case study Credit Unions, (b) Triangulation by using various methods of research, including telephone interviews and analyses of empirical merger data such as available industry surveys and reports, (c) Peer scrutiny of the research project by means of soliciting input from fellow Credit Union CEOs and counterparts who provided fresh perspective and challenged the researcher, and (d) Member checks by means of having research participants review the transcripts of their input and any resulting inferences related to merger success or failure gained from those inferences. It should be noted that the primary means of providing feedback via peer scrutiny of the research project was through informal discussions during the pilot tests of the research questions with these individuals. This resulted in constructive comments on how best to word research questions to elicit useful feedback from participants. From the perspective of confirmability, it was critical to ensure any personal biases of the researcher did not impact research findings and that those findings were the direct results of the descriptive responses from survey participants. Within this construct, triangulation noted above will also lend to confirmability, along with the assurance of detailed descriptions and *audit trails*. There were only two occasions where research participants were contacted a second time to verify their comments, as there was some confusion in the transcripts. This was appropriately documented and changed based on the employee's responses to my request.

Methodological Assumptions, Delimitations, and Potential Weaknesses

One expected risk of maintaining a consistent focus as a result of modifications in dialogue and responses between research participants was a noted weakness that needed to be addressed. However, this did not prove problematic at any juncture of the research process. Participants were asked to permit recording of sessions, which was initially thought might limit honest and frank communications. Similarly, this did not appear to be problematic. Apprehensions relative to the author's purpose of the research study was thought to perhaps negatively impact responses, highlighting the need to provide guarantees of complete confidentiality as well as offering a means to aggregate research findings so as not to identify individual contributions. This process proved very effective.

One methodological assumption suggested there would be a clear willingness for Credit Unions to participate and share personal perspectives relative to their Credit Union mergers. This assumption is recognized as being somewhat naïve and illogical insofar as employees may fear repercussions of sharing private, proprietary and confidential Credit Union information, even to the extent of compromising internal confidentiality and privacy agreements between employee and employer. In an effort to mitigate that risk, support of senior management was used as an assurance and protection for employees participating in this research. This was readily obtained in both case study credit unions.

Ethical Assurances

Approval of this research study was obtained from the Ethics Review Committee of Athabasca University. From an ethical perspective, there were a number of legitimate concerns to address, including assurances of confidentiality, ensuring anonymity in the dissemination of research findings, and developing respectful relationships. My potential influence of outcomes as a recognized Credit Union CEO within the smaller Atlantic system environment was mitigated by targeting survey respondents primarily from Central and Western Canada. The only exception was for the recommended pilot test that was conducted within Atlantic Canada; recognizing feedback from the pilot test was only used for the purpose of validating and improving the survey instrument, particularly as it related to the timing of research interviews.

Chapter 4: Research Findings

Study Overview

The previous sections of this qualitative study identified a research gap in the existing literature as it relates to the impact of psychological contract fulfilment or breach on Credit Union mergers. The purpose of this research study was to examine those factors that influence employees' perceptions regarding the merger process from the perspective of antecedents, dimensions and outcomes of organizational trust. The predominant research question: What, if any, relationship exists between organizational trust and merger success in Credit Unions? Specifically, the problem studied related to determining exactly what components of the employment relationship influenced merger success or failure. The gap in the literature about linking psychological contracts, organizational justice and communication to organizational trust and in turn to impact on employees and perceived importance of engagement, thereby determining merger success or failure, was addressed.

Using initial evaluative criteria to identify two case study Credit Unions that were deemed to be examples of both successful mergers and marginal or less than successful mergers was challenging, as not enough information was known at that juncture. The distinctions between the two case study Credit Unions became more apparent as the research proceeded but resulted in some intriguing similarities. I initially communicated with the CEOs of each Credit Union to identify their understandings of their respective merger processes and ultimately how they each perceived the process to have resulted in success or failure. In both cases, that initial interpretative perception was tempered with a degree of uncertainty that was ultimately left to me to determine, based on employee interviews. At an early juncture of the research interviews, it appeared that Case Study A Credit Union employees were in fact much more supportive of their Credit Union mergers and in turn committed to ensuring the success of their merger process.

Presentation of the Findings

Semi-Structured Interviews

Each case study Credit Union provided 11 research participants who were interviewed by telephone and recorded. These 11 individuals represented a cross-section of occupational groupings. None of the research participants withdrew from the study. It should be noted that the two case study Credit Unions did not maintain similar job titles and each case study Credit Union put forward the names of those employees they deemed willing and suitable to take part in this research project. Each of the 22 research participants provided relevant and meaningful feedback.

For Case Study A, the positions include two Lending Officers, an Investment Clerk, an Investment Advisor, a Member Services Representative, a Product Support Clerk, a CEO, a CFO, a CSR Supervisor, a Training Manager and a Human Resources Manager. For Case Study B, the positions include an Operations Manager, a CEO, a CFO, a COO, a Business Analyst, a CSR Supervisor, a Member Services Representative, an Investment Advisor, a Lending Officer, an Operations Compliance Office and a Credit Manager.

Research Question 1: Nature of Involvement in Credit Union merger.

The intent of this initial question was to determine at what stages each of the research participants was involved in their respective merger process. This information was useful and relevant, at an initial stage of the research interview, to ensure that research participants had relevant involvement in their merger at one or more stages of the process.

Each of the research participants was first asked to identify which of the 5 stages of the Credit Union merger process they were involved in. Table C1 in Appendix C illustrates who was involved in each of those stages.

Findings.

The only individuals who were consistently engaged in the Credit Union merger discussions from the outset, for example those pre-merger discussions and information sessions, were the senior management teams of each Credit Union. This appears to be logical, in light of the very confidential nature of those preliminary junctures of a merger when only a limited number of employees are made aware of the pending joining of Credit Unions. As the certainty of the merger becomes known, more employees are involved, particularly at that stage where the senior management must enlist the support of team members to serve on various working committees for the purpose of pursuing a due diligence assessment to confirm the worthiness of the pending merger. Those discussions invariably require the senior financial managers to develop detailed financial analyses to substantiate the benefits of amalgamation.

The many organizational and pre-planning facets of merger are then presented to a larger segment of the support teams. A significant component of the process entails the formation of working groups to evaluate technology related to the combination of banking system platforms and related data merges. Throughout the process, it is customary to develop a communications strategy that ensures those employees impacted by the pending merger are kept up-to-date with the necessary information to ensure their support and commitment to the process.

Conclusion.

Table C1 in Appendix C clearly indicates that both Credit Unions operated effectively in terms of ensuring their employees were informed of the appropriate stages required relative to their organizational roles.

Research Question 2: Sense of Inclusiveness.

As a first adjunct to my questions to determine research participant's involvement at each of the five stages of the merger process, each individual was also asked if they felt a sense of inclusiveness in their Credit Union mergers and then to explain why or why not. The intent of this query was to determine, at the outset of the interview, a general perception of the employee's overall opinion relative to their being involved and valued in the merger process. The ensuing more detailed and specific survey questions specifically address a more encompassing range of inquiry linked to the listed antecedents and outcomes that form the conceptual framework of this study.

Findings.

In Case Study A, responses indicated six employees definitely felt a sense of inclusiveness, two felt a good sense of inclusiveness and three felt only a partial sense of inclusiveness. By contrast, in Case Study B, only three employees definitely felt a sense of inclusiveness, one felt a good sense of inclusiveness and nine felt only a partial sense of inclusiveness. It is noted that inclusiveness was described by participants with three degree levels, suggesting a basic sense of inclusiveness, an improved or good sense of inclusiveness and finally only a partial sense of inclusiveness. One very senior employee in Case Study B Credit Union felt there were significant important decisions being made at the CEO level and not effectively shared with the management team, leading him to believe he and a number of key leaders were not included in the process when they should have been.

*Conclusion***.**

Research findings relative to this question present an interesting contrast of responses between the two Case Study Credit Unions. In Case Study A, there is a significantly higher number of research participants who expressed higher levels of inclusiveness in response to this question and far fewer who indicated only a partial sense of inclusiveness. By virtue of Case Study A Credit Unions feeling more included in the merger process, this may suggest a higher level of support for merger in Case Study A Credit Union.

Research Question 3: Perceived Value of Input.

As a second adjunct to my question relative to their merger involvement, each individual was also asked if their leadership team valued their input and to explain their responses.

Findings.

In Case Study A, all eleven employees clearly indicated that their input was valued by their leadership team. Each of the respondents further elaborated on their rationale for the strong affirmative response with comments that included the following:

- *Merger team was a good group*.
- *Absolutely!* (3 respondents)
- *Nothing was held back*
- *Really felt they valued me*

In Case Study B, nine employees clearly indicated that their input was valued by their leadership team; one employee indicated their input was not valued and one employee was undecided, indicating that their input was valued at some points and not valued at other points. Additional elaboration comments from this group included the following:

- *My ideas were taken into account*
- *Most valued my input*
- *Sometimes frustrated when my suggestions were not heard*
- *My input was very much appreciated*

Conclusion.

The findings in response to this research question suggest that Case Study A Credit Union employees assessed their perceived value at a slightly higher level than Case Study B Credit Union employees. It is particularly noteworthy that two research participants from Case Study B were vocal, with respect to one indicating their input was not valued, while the other participant had a mixed response, indicating that their input was valued at some points but not at others. I provided an opportunity, in both these interviews, for those employees to elaborate further. Additional feedback suggested there were some internal conflicts and perceptions that one leader was not as transparent and forthcoming with their support of these two employees. This resulted in those employees feeling that their input was not valued to the same degree they individually felt it should be. While this represents only two somewhat negative responses (22 %) that could be considered outliers, I do not feel that it is highly significant. Ensuing feedback from these two employees indicated a slight negativity in terms of their perceived personalities, with each of those individuals indicating, at various points during their research interview, that they may be overly critical or explicit in their less than positive feedback.

Research Question 4: Employee expectations relative to their psychological contracts.

During each of the interviews, I provided the following definition of a psychological contract: "an individual's belief, shaped by the organization, regarding reciprocal obligations. (Rousseau, 1995, 2005, p. 364). In other words, it involves the implicit expectations between you, the employee and your employer, the Credit Union." In order to ensure complete understanding, I then engaged in a dialogue with each research participant to determine their comprehension of this important concept. The question then asked of each employee was: "What did you expect from the organization at the time of merger?" Responses were varied and are compiled and presented in Table C2 of Appendix C.

Findings.

The foregoing question elicited significant discussion, particularly as it related to employees understanding the terminology, coupled with their perceptions relative to how they were individually impacted and what impressions they had in defining the tenets of their own psychological contracts. Once the concept of a psychological contract was clearly understood, respondents expressed what they frankly expected from the organization in return for what they put forward to support their respective mergers. Essentially, their feedback represented what they felt their employer's obligation was to them.

Case Study A research participants primarily focused on outlining what they felt the employer obligation was, with the exception of one respondent who expanded their response to suggest that their Credit Union let people down and their leaders disappointed them. [This isolated additional feedback was carried over to the following question and expanded upon.] Additionally, one employee indicated they had no clear expectation of their employer and did not wish to expand on those comments at that juncture in the interview process. Two employees indicated they expected more of their merger; one indicated they did not expect much; one wanted increased communication; one expected appreciation; one expected both appreciation and that *bigger meant better*; one focused on their employer welcoming new team members; one expected long work hours and giving 100%; and one expected growth opportunities while keeping their job. Collectively, the feedback from Case Study A suggested the majority of the eleven research participants defined reasonable expectations of what their employer should return to them in exchange for the expenditure of effort they were putting forward as part of the Credit Union merger process.

Case Study B research participants responded very differently in defining their expectations relative to their psychological contracts and that contrast is quite striking. Two respondents clearly defined their positive expectation that their merger would be smooth and each indicated they were willing to expend the appropriate effort to ensure that happened. The remaining nine respondents were more negative in terms of defining what they felt was their employer's obligation and their responses varied: two individuals suggested a lack of communication in terms of rationale for merger and openness/transparency; one respondent indicated they did not know what was expected of them; one expected an opportunity to grow; support and job security were voiced as expectations by two respondents; one expected authority and empowerment that follows principles, expecting not to be questioned on decisions; one respondent referenced the need for their employer to live by the spirit of what was promised to them; and one employee defined their expectation relative to fair pay, yearly bonuses and good benefits. During the course of subsequent related conversations with Case Study B research participants, the common thread linking the majority of respondents was one of expectations that led to disappointment and hence the rationale for describing nine of the eleven responses (82 %) negatively. This early indication that the management team were not as responsive to employees' expectation of their obligations suggests this might have affected Case Study B employees' support of the merger and the eventual merger outcome. Several of the Case Study B employees simply indicated they were extremely confused as to what was expected of them during the merger process. As a result, they were unable to comment definitively on whether or not their psychological contract had been breached, as they had not really been able to even define what their psychological contract consisted of! This theme is further supported by responses to subsequent research interview questions.

Conclusion.

Once there was a clear understanding of the meaning of psychological contracts, a wide range of responses resulted, indicating that Case Study A Credit Union employees were far more understanding and supportive of merger as it related to understandings of their psychological contract expectations.

Research Question 5: How do you feel your Credit Union has reciprocated its obligation to you, based on what you have provided your Credit Union?

In light of the significant range of responses in both Case Study groups, the focus was to have research participants take this opportunity to expand on why they defined the tenet of their psychological contract as they did, and to then learn how their employer responded to their unwritten expectations. Although there was an additional reference made by the researcher to elaborate on their reasons for their responses relative to reciprocity, it was invariably not required, as employees conversed very freely at this juncture. Significant findings are shown in Table C3 of Appendix C.

Findings.

Case Study A research participants, for the most part (82 %) felt their employer reciprocated its obligation to them, based on what they provided to the employer. During the course of the ensuing interview conversations about this question, employees of this Credit Union expressed some very positive feedback; one employee indicated they love their job, love the people and have the best bosses; one indicated they felt very appreciated and valued; one felt well respected; one indicated the Credit Union was always looking to improve; one indicated the employer went above and beyond and that, when they voiced their opinions, they were heard; the remaining positive responders suggested strong reciprocation by the employer of its obligation to the employees. Interestingly, one respondent personally felt her employer reciprocated its obligation to them but volunteered additional feedback suggesting that the Board of Directors did not similarly reciprocate to their CEO. I further explored this feedback with the employee who concluded that the responsibility for their positive response, along with the positive responses of 8 other employees, rested primarily with the CEO. That employee went on to indicate that the reciprocity for the CEO was not as effective from the Board of Directors and felt the CEO deserved greater recognition from his supervisory governance team. Only two respondents (18

%) indicated differently: one suggesting the Credit Union tried to reciprocate (suggesting failure) and one suggesting the Credit Union did not reciprocate, based on their feelings that the merger process was better characterized as an acquisition.

In Case Study B, responses were less positive, with six employees (55 %) indicating the Credit Union reciprocated effectively, albeit with several of those positive responses containing qualifying additional statements. The remaining five employees (45 %) responded that their employer did not in fact meet its obligation to them, based on what they provided to the Credit Union. Within the positive majority of responses, additional feedback was provided that included the following: one respondent highlighted the sensitivity of the decisions made by management; one indicated that they needed to express their own work needs more than once; one acknowledged the significant support and positive feedback of the senior management team; one felt the employer obligations were met, with the exception of compensation adjustments; one suggested the reciprocation was a long time coming but eventually received; and one acknowledged that employees were thanked publicly, which made them feel good. Strong sentiments were expressed by the remaining research participants who clearly did not feel their employer met its obligation to them. Some of that group provided additional feedback that included the following: one respondent felt there were several *hiccups* and stumbling blocks that were accompanied by unreasonable expectations of employees; one was concerned that their supervisor did not meet their obligation nor was their financial reward reciprocated, but qualified that response by indicating that senior management did make an effort to reciprocate; one felt strongly that better communications and timelines should have been prioritized; one used a strong *absolutely* comment to express how strongly they felt their employer did not reciprocate; and one felt anxious and stressed as a result of their employer not reciprocating.

*Conclusion***.**

Comparing the two Credit Union Case Studies, there appears to be further evidence that Credit Union A placed a greater emphasis on understanding its obligation to its employees and reciprocating appropriately. As future survey question responses may suggest, this provided a significant early indicator of employee engagement and resulting merger support.

Research Question 6: Do you perceive there has ever been a breach of your psychological contract, either by you or your employer?

In the event of a breach, participants were then asked to elaborate on how that breach occurred and what they felt was necessary to resolve that breach. In asking this question, I intended to determine firstly if a breach occurred and, secondly, through the elaboration and ensuing interview conversation, exactly what significance and magnitude that breach constituted in terms of defining the employee's contribution to their merger. As psychological contracts are believed to be a meaningful antecedent to my conceptual model, it was deemed appropriate to delve deeper into the rationale behind the foregoing responses. Feedback and themes are captured in Table C4 of Appendix C.

Findings.

The majority of Credit Union A research participants (seven, 64 %) indicated they did not feel there were any breaches of their psychological contracts. This supports the earlier finding that 82 % of this Case Study respondents felt their employer met its obligation to them. Although one might initially question why these responses did not align with the numbers from the previous question, it is noteworthy that two respondents (18 %) were somewhat undecided in their responses to there potentially being a breach of their psychological contract. One of these respondents indicated there were breaches in some cases but not all, with the majority of those apprehensions being linked to their opinion that the new technology platform was not progressive enough for a combined Credit Union of their size. Through the process of dialogue at this juncture of the research interview and at other points in each one hour interview, Case Study A respondents expressed similar concerns about the effectiveness of one of the project managers, the individual responsible for Information Technology. The other respondent indicated a *questionable* response concerning potential breach but chose not to elaborate further, as they had already identified very similar concerns related to technology challenges noted above.

Case Study B respondents followed a similar pattern as those from Case Study A, with eight employees (73 %) clearly indicating they did not feel there was a breach of their psychological contract, despite the fact that 45 % of this group felt their employer did not reciprocate its obligation to them. This inconsistency was initially disconcerting to me and a closer study of interview transcripts was conducted. It was concluded that this group of employees, while occasionally appearing negative in their responses, seemed to interpret the word *breach* as a very serious and negative descriptive. This could potentially be attributed to a cultural distinction, as one of the Case Study Credit Unions was comprised of employees who did not speak English as their first language. The eight employees who responded that there was no breach were in fact very brief in their replies and did not provide significant additional feedback or rationale for their reply, even when asked to elaborate. Those three employees (27 %) who indicated there was a breach of their psychological contract made reference to operational, sensitive and political decisions having been made; to the many cultural distinctions within their combined Credit Union [two Credit Unions traditionally serving specific cultural communities] and how they expected but received no thanks for their work; and their displeasure with compensation matters.

*Conclusion***.**

Comparison of the two Case Study Credit Unions as it relates to this question of breach presents interesting parallels, suggesting that the majority of the 22 research respondents essentially did not feel their psychological contracts were in fact breached. I therefore questioned the effectiveness of the term "breach" as a result of what is perceived as different meanings and magnitude of intensity, also noting possible cultural distinctions that could influence participant responses. This only represents one of the questions on psychological contracts and it should be noted that other related questions show a difference in the degree to which the psychological contract was met.

Research Question 7: Identification with Credit Union.

The final question in this section was to gain a sense of how each participant identified with their Credit Union. They were asked if they perceived a sense of *oneness* with their organization and if they feel their values and core beliefs are aligned with those of their Credit Union. Each participant was instructed to feel free to elaborate on their response. The main purpose of this question, at this particular juncture in the interview process, was to allow an opportunity for participants to summarize and validate how they identify with their employer's values and core beliefs, as well as validating their feeling of inclusiveness, similar to the theme initially elicited from Research Question #2 [Did you feel a sense of inclusiveness in the merger?] Varied and detailed responses are captured in Table C5 of Appendix C.

Findings.

In Case Study A, all 11 research participants (100 %) very quickly and succinctly confirmed their perception of oneness with the organization and indicated their very strong alignment to the values and beliefs of their Credit Union. Responses were very spirited and unfaltering, indicating a strong consensus of positive opinions. It was particularly interesting to note that this was the one area where unsolicited reference to a strong and visionary CEO was brought forward by two respondents and this would be further explored in the analyses of the questions on trust. Couched in the various other feedback statements and related research conversations with Case Study A respondents were numerous references to the strategic leadership emanating from the CEO of this Credit Union, with many participants relating personal accounts of their dealings with this individual, including their opinions of his strong leadership attributes. One respondent added a feedback statement concerning the need to rebuild trust following their merger; one respondent expressed how they are allowed to do what they are best at, work collaboratively and have their work experience valued; one referenced some initial apprehensions of a perceived *takeover* and reiterated subsequently how wrong that initial apprehension turned out to be; and one made reference to their merger as more of a business combination compared to a merger of equals.

Case Study B respondents did not as clearly articulate their sense of oneness with the company, with only six employees (55%) indicating an unqualified perception of oneness and a strong alignment to the values and core beliefs of their Credit Union. There were four respondents (36%) who felt there was a perceived oneness but qualified their response to include the following additional feedback: one respondent suggested the organization did not always understand cultural distinctions between employees; one felt the Credit Union is not rewarding positive behaviors and that the sales culture was not evolving quickly enough; one felt there is still a sense of there being separate entities within the merged Credit Union; and one suggested there are still employee and branch “cliques”. There was one individual who expressed concerns there was no perceived oneness, that the employer did not value accurate work or give it top priority, and that they are not aligned with their Credit Union values.

*Conclusion***.**

Once again, the findings suggest that Case Study A participants, who have a closer alignment of values and core beliefs and perceive a oneness and inclusiveness with their Credit Unions, were stronger supporters of merger than Case Study B research participants in the sense that they would contribute to make the merger outcome successful irrespective of whether they personally liked to have the merger in the first place. I ascertained a stronger *can do* feeling of positivity from Case Study A participants at this point in the one hour interview [nearing the half-way point of each interview].

I posed three questions to ascertain how the research participants perceived a general level of organizational justice relative to their merger experience. Only a few respondents were familiar with the term Organizational Justice so it was briefly explained, noting that the simplified wording of the following questions presented sufficient explanation of the information being elicited.

Research Question 8: How do you feel you were treated by your Credit Union during the merger process?

The first question was intended to measure distributive justice. Employees were asked if they felt what they received after the merger was fair and reasonable in return for what they provided the company. Each individual was provided ample opportunity to elaborate on their answer, if they felt it was necessary. Table C6 in Appendix C contains a recap of responses.

Findings.

In Case Study A, research participants all (100 %) felt they were treated well by their Credit Union. Similarly, they all responded that the treatment they received after the merger was fair and reasonable in return for what they provided the company. [Indirectly, this also provides a validation of the tenets of their psychological contract having been met.] The only additional qualifying statements came from two employees: one indicating their perception that their vacation allocation was not fair in their view; and one indicating they were treated fairly and reasonably 50% of the time. On further study of the detailed interview transcripts, I noted there were some personal distinctions highlighted by these two individuals who both felt there was a little room for improvement in the area of distributive justice but the employees did not feel those concerns were significant enough to indicate their non-concurrence with the rest of the employees.

In Case Study B, 10 respondents (91 %) felt they were treated well and indicated what they received post-merger was fair and reasonable in return for what they provided the company. Two of those respondents provided feedback to suggest they did not receive any monetary incentives linked to the merger while one respondent felt they were treated very well, from a monetary perspective. The remaining respondent (9 %) clearly felt they were not treated well, what they received was not fair and reasonable and that their Credit Union was acting in more of a reactive manner than a proactive manner. These strong negative feelings were expressed by this respondent in response to several research questions.

*Conclusion***.**

Both Case Study Credit Unions mirrored similar responses that would suggest distributive justice was appropriately managed, resulting in support of each respective merger.

Research Question 9: Do you feel you had an equal and reasonable voice in providing your input and ideas relative to the merger and were you treated respectfully?

This question relative to Organizational Justice was intended to measure procedural justice. Responses are categorized in Table C7 of Appendix C.

Findings.

In Case Study A, the majority of respondents, nine employees (91 %) felt they had an equal and reasonable voice in providing their input and ideas and were treated respectfully. Of those respondents, three qualified their positive response with additional feedback comments that included the following: one respondent suggested there might not have been enough information provided, suggesting communication shortcomings; one referenced some operational problems with the merger that impacted procedural justice; and one suggested there were some divisions between the merging Credit Unions but elaborated, expressing confidence that those gaps are being addressed and narrowed. There were specific references made within this group of the management team having strong and effective listening skills, which was noted as a significant positive feedback statement. One research participant (9 %) felt strongly that voices were not equal and, as an employee of the smaller merger partner, they put forward their views that the voices from the larger Credit Union were more prominent and meaningful, also providing their perception that the merger did not truly represent a merger of equals. It was interesting to note that, although senior management of both Credit Unions worked diligently to ensure equality between merger partners was valued as important, the reality of size distinctions became increasingly apparent to the research participants.

In Case Study B, nine of the employees (82 %) felt they had an equal and reasonable voice in providing their input and ideas and were treated respectfully. One of those respondents referenced some initial tensions between the merging entities and one felt that *most* voices were equal and reasonable; attributing that feedback comment to outstanding human resources issues they chose not to elaborate upon. It was interesting to note that two employees (18 %) felt voices were not equal and reasonable; one employee indicated they were not asked for their opinions and that more employee input should have been solicited; the other respondent similarly felt voices were not equal and reasonable but they were treated respectfully for the most part, even though they did not listen to employee input.

*Conclusion***.**

Although there were slight differences in the range and content of responses to this question within the two Case Study Credit Unions, I feel that no discernible differences were noted relative to how perceptions of procedural justice as an antecedent of organizational trust played a role in merger success or failure.

The third Organizational Justice question, measuring interactional justice, contained three sub-categories, with the queries designed to measure respondents' feelings relative to their merger experience, specifically as it related to the Credit Union decisions and outcomes being:

a) Reasonable and necessary
b) Consistent and ethical across the Credit Union
c) Fair and respectful of all employees

Research Question 10: The first category asked: Do you feel Credit Union decisions and outcomes relative to the merger were reasonable and necessary? The second category asked if those decisions and outcomes were consistent and ethical across the Credit Union and the third category asked if the decisions and outcomes were respectful of all Credit Union employees.

Table C8 in Appendix C provides a summary of responses to all three categories of this question on organizational justice.

Findings.

Case Study A research participants, in evaluating the decisions and outcomes relative to their merger, showed that all 11 respondents (100 %) felt they were reasonable and necessary. Of those responses, one indicated slight hesitancy that was noted by the researcher but not expanded upon; and four used the word *mostly* in response, indicating a minority of decisions and outcomes may not have been reasonable and necessary, in their opinion. There were 10 respondents (91 %) who indicated that decisions and outcomes relative to their merger were consistent and ethical, with one of those respondents replying with the word *mostly*. One respondent (9 %) responded that some decisions and outcomes were consistent and ethical, representing an outlier response. All research participants (100 %) felt that decisions and outcomes were fair and respectful, with 3 of that respondent group using the word *mostly*. There were references made by several employees that their relationship with the CEO was a very respectful one, acknowledging that the CEO was a very effective listener and responded appropriately to all reasonable concerns raised by employees during the merger process. One employee specifically referenced how very comfortable her CEO made her feel when she was relating concerns that would impact member service. Several Case Study A Credit Union employees, at this juncture of the research interview, spoke glowingly about the community and charity work their Credit Union is involved in, indicative of the respect they have for their organizations.

Case Study B research participants responded to the first interactional justice question by indicating that eight employees (73 %) felt the decisions and outcomes were reasonable and necessary, with two of those respondents replying with the word *mostly* and one with the words *think so*. There were two employees (18 %) who indicated they were unsure and one employee (9%) who felt the decisions and outcomes were not reasonable and necessary. When this Case Study group was asked if they felt the decisions and outcomes relative to merger were consistent and ethical, all 11 respondents (100 %) responded that they were, with only one respondent using the word *mostly*. In response to the final question regarding those decisions and outcomes being fair and respectful, 10 employees (91 %) indicated they were, with one of those responses using the word *mostly* and one employee (9 %) clearly indicating they did not feel they were fair and respectful. Several of the Case Study B Credit Union respondents made reference to not having a thorough understanding of the reasons for their merger and suggested management should have been more forthright and explicit in outlining a rationalization that would provide them with a greater comfort level around the decisions and outcomes.

*Conclusion***.**

Once again, responses are somewhat similar in both Case Study Credit Unions but there is a tendency towards a more positive and supportive response to interactional justice responses favoring Case Study A research participants. This might again support the early indications that employees in that Credit Union provided further strong support that might impact the effectiveness and success of their merger in comparison to Case Study B.

There was a significant volume of two-way communication between research participants and me on the topic of Communications. Dialogue was facilitated by three specific questions.

Research Question 11: How do you feel the two Credit Unions have communicated with you concerning merger preparedness, timelines, impact analyses, due diligence processes and periodic updates?

In some cases, I needed to provide a repetition of those categories to ensure respondents captured the essence of the measures of communications being elicited. This question was asked to determine if research participants were appropriately informed and updated at various stages of the merger process where there was a material impact on them. In some cases, there was not a need for each employee to have full knowledge of a particular stage of merger, for example in the very preliminary planning and due diligence stages. Themes are captured in Table C9 of Appendix C.

Findings.

Case Study A research participants generally all (100 %) felt positive about the communications process at their Credit Union, with several employees qualifying their feedback and injecting additional comments in response to this query. For example, their Human Resources Manager described how the senior team essentially regrouped by late afternoon each day and by 4:00 or 4:30 they agreed upon an end-of-day communication that essentially provided a wrap-up of what had transpired that day, outlining any snags or challenges encountered and communicating the effectiveness of their conversion processes for that day. This was also described as a quasi-marketing technique that involved their Marketing Manager, who spun the focus to relate to how their work was involving member relations. Several employees acknowledged that management had good intentions and were acting in the interest of their employee teams but noted some anomalies. For example, one respondent was concerned that Credit Union members were communicated with before employees, creating some erosion of trust; another respondent who again noted concerns with the technology platform, also suggested the updates to employees were sometimes slow; one employee felt the organization had improved their communication but noted they *dropped the ball* at times and needed everyone involved; and one respondent felt communication was *overall OK* but slow at times. Those who responded with strong positive sentiments relative to communication also indicated there could have been more pre-merger employee surveys; two noted that the CEO was always at the forefront of communications; one noted they knew exactly what was required; and one noted that important issues were addressed within the communication process. In an interesting dialogue with one research participant, in reflecting on the communication process, she suggested that the process was successful but, in hindsight, she would have liked to have employees more involved in some of the decision-making so that they had an invested stake in the communication of those decisions. She went on to suggest that she wished her Credit Union had asked more questions of employees to gauge how they felt about some of the merger decisions.

Very different responses emerged from research interviews with Case Study B participants. There were seven employees (64 %) who felt the communication process was effective, albeit with some qualifying feedback statements that included the following: one respondent noted some initial conflict within the communications process; one felt that communication was 80 % effective but that it needed more ownership and follow-up; one indicated the communication improved post-merger; one expressed concerns that, even though the communication was effective, management did not listen to employee suggestions; and one respondent felt there was still room for improvement in communication, as some messages were not passed along to everyone. It was particularly interesting to note that four research participants (36 %) expressed concerns that the communication process was ineffective. One of the participants suggested there was limited preparedness for merger, creating resentment from some employees. Another employee felt the timing of communications needed to improve to prevent gossip and employees creating their own truths. A third respondent felt communication was too general and would have liked more impact analysis and more meaningful communication; and one respondent, who felt communication was ineffective at first, expressed concerns that the merger happened too quickly. There were many references to there being management assumptions that communication was effective when in fact it was far too limited and, in some cases, non-existent. One employee from the smaller merged entity was very vocal in describing the merger as more of an acquisition or takeover, indicating a degree of resentment for the fact that their team was not updated periodically and not provided with the information they felt they needed to have to become full partners in the merger process. She suggested that nobody knew what the expectations of the merger were, as it was not defined or explained at any point in time.

*Conclusion***.**

Contrasting responses to this important research area clearly suggests the communication process was more thought out and detailed in Case Study A, where all research participants spoke favorably about communication, injecting some additional constructive feedback comments. Case Study B research participants did not express a consistent support of the communication process and a number of respondents provided very negative answers concerning how they were communicated with regarding merger preparedness, timelines, impact analysis, due diligence processes and periodic updates. This further supports that there were differences in the antecedents of organizational trust between the two case study organizations. .

Research Question 12: Was your Credit Union sensitive and cognizant of the personal impact of pending merger on you?

Respondents were asked to elaborate, should they wish. The merger of significant business entities represents considerable transformational change and it was felt that occasionally the personal impact on employees is not considered; hence, the reasons for extending this question as a meaningful component of my research study. Table C10 in Appendix C captures the responses of employees.

Findings.

In Case Study A, all but one respondent (91 %) indicated their Credit Union was sensitive and cognizant of the personal impact of merger on them. The most senior person in the organization (9 %) did not feel they should provide an opinion in response to this question so I suggested they consider how the governing Board responded in terms of this personal recognition factor. The response was neither a favorable or unfavorable one. Of those majority of respondents who indicated positive responses, several elaborated and provided additional feedback: one was slightly negative in terms of feeling that their Credit Union was sensitive to employees in words but not always in action; another felt the organization was *to some extent* sensitive and cognizant; one injected kudos to both the Human Resources Manager and CEO for their efforts towards being sensitive to and cognizant of employee needs; one indicated they were *pretty impressed*; one expressed worries for employees from the smaller merged entity; and one indicated the organization worked to avoid a *them versus us* attitude during the merger process. One key employee in the merger process related an interesting personal perspective. She was a lead player in the data conversion process that was so critical to merger success and unexpectedly had to deal with a significant health issue experienced by a 93 year old parent whose care she was responsible for. It required significant concessions on the part of her employer so that she could balance both the needs of the merger team and her personal demands. She felt her Credit Union was very sensitive and cognizant of the personal impact on her and did everything in their power to be as understanding and compassionate as possible.

Case Study B respondents again expressed a different range of responses to the question regarding the employer being sensitive and cognizant of the personal impact of the merger. Within this group, six employees (55 %) responded positively, with additional feedback comments that included the following: one employee indicated they felt secure in their job; one referenced how well their CEO is respected; one questioned if the Credit Union was in fact too cognizant of the impact; one indicated there was some anxiety and nervousness attached to the merger process; and one indicated employees were consistently kept “in the loop”. There were five employees (45 %) who spoke less favorably in response to this query: one respondent indicated they were unsure how to respond and that their employer was not always sensitive but that the job had to be done; one was not aware of any sensitivity shown; one felt the employer was sensitive and cognizant of the personal impact to other employees but not to them; one felt strongly that decisions were made by the Board and CEO without any input from employees; and one simply stated the employer was not sensitive and cognizant of personal impact, without any additional elaboration. It was interesting to hear related stories from this employee group that essentially attempted to provide a rationale for why their employer was not as sensitive and cognizant of the personal impact on them. Many felt there was just too much activity and work to be done around the merger to expect senior leaders to have the time to be aware of that need.

*Conclusion***.**

Contrasting the responses of the two Case Study groups again suggests Case Study A management showed greater concern and awareness of the importance of considering the personal impact on employees and how that will influence employees' support of the merger process.

Research Question 13: From an employee communications perspective, what might you recommend be done the same or differently if that opportunity were provided?

In light of the perceived significance of this important antecedent of organizational trust, I felt it was important not to close the door on discussion of participant's perceptions regarding communication. The additional wrap-up question provided that opportunity, should there be additional comments and suggestions that would shed light on both the positive and negative components of each Case Study Credit Union's respective communication strategies and deliverables. Responses are captured in Table C11 of Appendix C.

Findings.

Case Study A research participants provided very meaningful and relevant suggestions that were based on their observations of an effective communication process as noted by the responses to Research Questions 11 and 12, combined with observable constructive feedback relative to areas they felt the organization could improve upon. These responses, while varying in detail and content, covered a relatively wide range. Leadership of the communication process was referenced by two employees, indicating that the right person must be charged with this function at the outset of the merger process. Common themes emerged from these Case Study A responses and referenced a focus on consistent and regular communication, in some cases daily; focus on critical technical challenges, recognizing this was a problem area; reaching out in the communication process to Credit Union members; building of effective communication processes; and leveraging their experience to improve the communication process for similar future projects. One employee noted the universality of the communication process, wherein all employees were included in the communication updates, irrespective of their roles in the merger process. According to this individual, although they did not always have to know every facet of what was occurring in the merger, the fact that additional information was communicated to all employees helped solidify complete understanding of the process so that they could be well informed and helped make the transition for the Credit Union member go smoothly.

Research participants from Case Study B Credit Union also provided constructive and relevant feedback comments but with a marked difference. While several feedback comments were strictly positive, many were indicative of deficiencies noted from their own merger experience. For example, there were several references to the need for *increased* communication; *more* frequent updates and meetings; *more* in writing; suggestions to *increase* communication five-fold; hold *more frequent* meetings; formalize the communication process; communicate *more* effectively with members; and *share* all written communication. Several of these employees related their concerns about the need for transparency in the communication process, something they felt was lacking. Numerous references were made to fear of job losses, with several respondents indicating they were unsure of how they would be impacted by the merger. The resulting fear of being terminated held significance for a group of employees.

*Conclusion***.**

Once again contrasting the two Case Study Credit Unions results in observable distinctions in how research participants referenced the communication process to have been executed in their Credit Union. Clearly, Credit Union A employees felt the communication channels and methods proved effective, invariably suggesting continuation or replication of the same process in future. By contrast, Credit Union B employees referenced the need for significant change and improvement in the process of managing communication in their organization.

A series of four questions were asked relative to organizational trust.

Research Question 14: How would you describe the level of trust you had in your leadership team before, during and following the merger of your two Credit Unions? Has there been a significant change in the level of trust in your leadership team?

The intent of this question was to first determine how employees perceived their leadership team insofar as they could rely on them and believe in them … essential components of trust. Recognizing there is a possibility of that level of trust changing from the beginning to the end of the merger process, I felt it was relevant to gauge any changes and then evaluate the impact of that change, if applicable. Responses are captured in Table C12 of Appendix C.

Findings.

Case Study A research participants responded within a relatively narrow range of trust perspectives, with six employees (55 %) expressing very supportive feedback concerning a high level of trust in their leadership teams. Additional comments noted by these respondents included the following: one participant quantified their trust of the CEO at 100 %, with senior management at 110 % and overall ranked 8.5 out of 10 as a trust assessment; one respondent indicated that everyone was acting in the best interest of the company; one referenced how management listens to employees and has good human resource practices; one acknowledged that leaders are honest and willing to admit wrongs; one respondent referenced overall trust in leadership but qualified their statement by referencing the discouragement of the smaller merging entity, as well as their perceptions of ensuing power struggles during the process. I delved further into these comments and learned there were significant performance issues with the retiring leader of one of the merging entities. It is my opinion this feedback was isolated to specific incidents related to those performance issues and did not have a significant impact on the evaluation of trust of the current leadership team. One research participant indicated that he always trusted his leadership team and actually had more faith in them because, throughout the merger process, the leaders were willing to admit when things did not work and were quite honest when *things messed up*, clearly communicating that they learned from the experience and would act differently next time they were faced with a similar challenge. In the opinion of that employee, it went a long ways to instilling and reinforcing their trust of their leadership team. Two respondents (18%) reiterated the challenges faced by the IT leadership during the merger, as noted in various other responses of this research project. These challenges resulted in limited erosion of trust in the leadership team but would only reduce to what might be considered subjectively as an acceptable level of trust. Two respondents (18 %) provided feedback to suggest only a fair level of trust in their leadership team, one employee providing comments indicating leadership was trusted *more or less*; and one employee indicating only average trust in leadership but noting their strong admiration and trust in their CEO. Only one respondent (9 %) suggested their trust in the leadership team is improving since merger.

Case Study B research participants were more diverse than Credit Union A employees in terms of their expressed levels of trust in their leadership and any noted change in that trust level. Seven employees (64 %) indicated a strong level of trust in the leadership, with little or no change in that trust level. Some additional feedback comments from this group included the following: two participants spoke positively about their CEO and how strongly he was trusted; one respondent felt the leadership team had a very sincere interest for the merger to be successful, despite some concern about technology issues; and one employee replied they were a strong believer in trust being earned and that it took three to four months for their trust to build but it is now strong. Four research participants (36 %) expressed negative feedback concerning trust in their leadership teams: one employee felt their values were not always aligned with the leadership, that alternate decisions could have been made and this resulted in their trust level falling during the merger; another respondent held mistrust and apprehensions at time of merger but acknowledged their trust has improved since merger; a third respondent indicated their trust in management has lowered but it may not be related to the merger; and a fourth respondent expressed ongoing concerns with trust of leadership, primarily related to an issue concerning full-time versus part-time status of some employee groups. There were a group of Case Study B employees who spoke extensively about the change in employment status and the ensuing change in the work week that resulting in them actually now working longer hours for less pay. This obviously impacted their trust level negatively.

*Conclusion***.**

The enhanced level of trust in leadership, with little change over the course of the merger, suggests that Case Study A Credit Union employees were better positioned to positively align themselves with managers and thereby be stronger supporters of a successful merger. By contrast, Case Study B Credit Union employees expressed some significant trust issues that may negatively impact their overall support of merger.

Research Question 15: The second question in this section was introduced with a brief verbal outline of Lester & Brown's definition of the concept of *felt trustworthiness*, following which each research participant was asked to describe how they felt their leadership team trusted them before, during and following the merger of their Credit Unions. They were also asked how that *felt trustworthiness* made them feel.

The purpose of asking this question to research participants was to gain a closer perspective on how important was someone else's trust in them to the employee. As a corollary to that research interest, it allowed respondents to stop and reflect on how they perceive their supervisors evaluate the level of trust held for them, a self-evaluative judgment that is often overlooked. A range of responses are captured in Table C13 of Appendix C.

Findings.

In Case Study A, nine respondents (82 %) quickly responded with a definitive positive indication that they felt trusted. Additional words to describe that level of trust from this group included *definitely*, *absolutely*, *100 %*, and *always*. Each of those nine respondents also indicated that trust made them feel good, with some respondents expanding their feedback, including the following: one respondent referenced *unspoken trust* that supported a good relationship; one person indicated that felt trust made them feel proud; one indicated that with more trust comes more opportunities; and one indicated that felt trust was good for their ego. The individual who specifically referenced *unspoken trust* was part of the senior management team and reiterated the importance of this concept several times. She felt there was a need for trust to be implied within the company, on the understanding that all perspectives and opinions were valued and therefore trust relationships were *strong and vibrant*, according to the words she used. Two research participants (18 %) indicated they were unsure if they were trusted by their leadership team; one individual stating they think they were trusted and the other individual indicating they were uncertain if they were trusted, as they were only in the employ of the Credit Union for one month at time of merger and they felt somewhat tenuous at that time.

The majority of Case Study B research participants, representing 10 employees (91 %) indicated they felt trusted by their leadership team, making them feel good, with a number of those respondents adding additional comments. Three of these respondents specifically referenced their belief that trust was earned, with one of those individuals suggesting trust also needed to be proven. One respondent who felt trusted suggested that, to a degree they were almost trusted too much, creating some apprehensions but adding that gave them a good feeling of being positive and confident; another respondent indicated that *felt trust* made them feel important and part of the team; another employee indicated their former CEO trusted them and now their new Manager also trusts them, providing them with job fulfilment and the desire to go to work; another respondent felt needed and respected; and one employee contrasted their positive *felt trust* with their former CEO, who ran a *top-down* organization. Only one research participant (9 %) suggested that felt trust was not relevant, as they listen to the senior management team and have an open and professional relationship with them.

*Conclusion***.**

There were no significant distinctions in the levels of *felt trust* between the two Case Study Credit Unions, both sets of research participants aligning themselves with the strong positive responses each felt when their leadership team trusted them. This question in fact elicited very positive responses in all participants, with all the employees feeling good about the fact that their leadership trusted them, reflecting how positively that impacted them in their day-to-day dealings with their cohorts and in their general outlook to their work following merger.

Research Question 16: Do you feel there was organizational trust within your combined Credit Union and why?

This third question in this section focused on organizational trust, which was defined as the degree of trust that exists between organizational members. The purpose of this research question was to determine how the combination of the two merger entities in each Case Study Credit Union impacted the level of overall organization trust, as defined above. In light of the considerable expenditure of work to align the merging entities and develop a strategic direction leading to merger success, it was felt that a cohesive organizational culture could further support this objective. Responses to this question are captured in Table C14 of Appendix C.

Findings.

There was considerable variation in response from Case Study A research participants, with five employees (46 %) indicating there was organizational trust within their combined Credit Union; four employees (36 %) suggesting that organizational trust was improving; one employee (9 %) indicating it was hard to answer that question, noting there were many long-service employees that might indicate good organizational trust; and one employee (9 %) who felt there was an erosion of organizational trust. This Credit Union completed an Employee Engagement Survey post-merger and noted a considerable decrease in their score, compared to a baseline study conducted the year before. This was specifically referenced by three respondents, most notably the employee who used that information to suggest erosion in organizational trust. Once again, reference was made by two employees to trust being earned; one respondent referenced strong team spirit; one indicated that organizational trust is evolving over time, one employee suggested there are pockets of trust within the combined Credit Union; one made reference to promotions from within as a positive influencer of organizational trust; and those respondents who felt they were witnessing improvements in organizational trust provided some examples of how that is evident (*Creating Member Loyalty* training program, for example).

Case Study B research participants, representing the merger of two culturally unique Credit Union groups, interpreted organizational trust in a somewhat different fashion; both recognizing the importance of cultural distinctions within their community. Ten research participants (91 %) felt that there was organizational trust within their combined community, attributing that trust primarily to the melding of their cultural commonalities. One respondent referenced a *reasonable* level of organizational trust; another employee qualified their *generally yes* response by indicating they are now running a very lean organization but, for the most part, overall trust is good; one respondent still worries about some employees; one indicated there is less *your way versus our way*, contributing positively to a strong organizational culture; and one respondent felt it was important that no information is withheld from employees. One significant feedback comment within this group made reference to a good level of organizational trust but highlighted the need to prove it by doing what we say we will do. The single respondent (9 %) who did not feel there is organizational trust within their combined Credit Union specifically referenced the fact that there was a lack of trust within some parts of the organization, particularly the part they worked in.

Conclusion

In both Case Study Credit Unions, there was a perception of organizational trust spanning a varied range, with several employees in each Credit Union suggesting organizational trust is either satisfactory or improving. There was therefore no rationale for identifying a common theme that would differentiate between the two Credit Unions relative to this factor.

Research Question 17: Do you feel your interests are aligned with that of senior management as it relates to Credit Union mergers?

The fourth question is this section proved particularly challenging and difficult for some research participants to answer, especially for those who have limited knowledge of how senior management is thinking. This query was included in the Organizational Trust section of the research study to poll employees on their perception of either alignment or non-alignment with their leadership team concerning Credit Union mergers. The concept for this question originated with me sensing that if employees were not supportive of merger to the same extent that their leadership team was, their resulting actions and behaviors might prove detrimental to the success of the merger initiatives. Various responses from research participants are summarized in Table C15 of Appendix C.

Findings.

Eight Case Study A research participants (82 %) consistently replied in the affirmative, indicating their interests are aligned with that of senior management as it related to Credit Union mergers. The CEO understandably chose not to provide a response (9 %) and one employee (9 %) was undecided and suggested they would need to hear the views of the CEO directly. Several additional comments were provided: three respondents specifically referenced the strength of their CEO and their assurance that they valued their leadership and related to the CEO's values and ethics; one respondent, in favor of mergers because they make good business sense, also acknowledged that Credit Unions must first consider culture matches; another employee indicated their pride in their Credit Union's reputation; one respondent based their affirmative reply on their perceived success of the most recent merger but acknowledged they did not know what senior management was thinking; and one employee expressed their desire for their Credit Union to grow and result in increased member wallet share.

Case Study B research participants mirrored many of the responses of Case Study A research participants, with eight employees (82 %) indicating their interests are aligned with senior management. The CEO understandably chose not to provide a response (9 %) and one employee (9 %) did not consider themselves to be in a position to reasonably answer, as they indicated they had no idea what management is thinking. This group of employees overall were not generally as detailed in their responses to this question but did provide some additional feedback comments. One individual expressed their belief in the Credit Union movement and what they are trying to create; one respondent believed the alignment of their interests positions employees for great opportunities; one respondent acknowledged their organization's strong focus on growth and suggested an increased focus on wealth management would be in order; one employee noted they have to believe due diligence was done so that their interests are aligned; and one employee commented on the organization now *running lean*, with a tight management team.

Conclusion

Comparing the responses of the two Credit Union Case Study groups illustrates several parallels in employee responses and supports an alignment with the interests of senior management in both merger scenarios. The lack of distinction between the responses of the two groups unfortunately does not provide any discernible value to the research study.

This section consisted of five key questions to determine the importance of employee engagement throughout various stages of the merger process.

Research Question 18: How were you impacted by the merger of Credit Union A with Credit Union B, both personally and professionally?

The aim of this question was to measure if there was any level of influence on the employee's level of merger support in relation to how they perceived they were personally and professionally impacted. Positive or negative impact was proposed to possibly link to a measurable relationship associated with merger outcome. These responses are summarized in Table C16 of Appendix C.

Findings.

Research participants from Case Study A Credit Union responded within a range from no impact either personally or professionally to significant impact both personally and professionally. Six employees (55 %) indicated they were positively impacted both personally and professionally. This group of respondents provided additional support feedback: one indicated that the merger was fantastic and enriching, providing more career opportunities for them; one respondent indicated that it made them look differently at things, that there was good team support and they were never stressed as a result; one individual highlighted the enhanced training opportunities and room for advancement resulting from the merger; one individual acknowledged the great people and stories they encountered during the merger process; and one noted that they felt very positive about the experience and were somewhat offended by suggestions of a *takeover* versus a merger. Only one respondent (9 %) suggested no impact either personally or professionally and one respondent (9 %) only indicated relief that the merger process was completed. Two respondents (18 %) indicated they were only impacted personally, noting their family time was negatively impacted throughout the merger process and that they were tired from the long hours. Finally, one respondent (9 %) indicated they were not impacted personally but were positively impacted professionally, as the merger offered them new challenges, which was considered very favorable to them.

Case Study B Credit Union respondents responded slightly differently, with only one employee (9 %) indicating they were positively impacted personally and professionally, in this case resulting in a better office with windows and now having a shorter commute time to and from work. Two respondents (18 %) indicated there was no professional impact but they were personally impacted; one respondent indicating they had significantly less home time and that the due diligence they were involved in was quite extensive and required a considerable investment of personal time; the other respondent indicating significant personal impact relating to their relationship and health. Five respondents (45 %) indicated there was no significant impact to them either personally or professionally; with one respondent indicating they spent a little more time at work because of the merger process and one indicating it was stressful and mentally exhausting at the beginning of the merger only. Three respondents (27 %) indicated they were impacted professionally but not personally. Of that grouping, two respondents commented positively about the professional impact; one employee indicating they were now much busier and it made them grow as a person and one indicating there were now more opportunities available and, as a result of the merger, their service offerings were increased and their spouse could now maintain their business account at the Credit Union. One of those three respondents in this group felt they were negatively impacted from a professional perspective, particularly with respect to compensation and job security.

Conclusion.

Responses from Case Study A Credit Unions were considerably more supportive in nature than those from Case Study B Credit Unions, again leading me to believe there was a propensity for more positive and supportive response for merger from Credit Union A employees. This will undoubtedly result in an enhanced and improved level of employee engagement, with a slight stronger emphasis for Credit Union A.

Research Question 19: From your perspective, what are the most critical *people factors* to consider in Credit Union mergers?

This question was intentionally brief and intended to openly solicit opinions from respondents regarding the softer skills that could perhaps be factored into the Credit Union merger process. I specifically chose to use the words *people factors* to simplify understanding, with some elaboration provided in response to queries regarding the purpose of this question. Human Resource Management/Practices are what was being informally measured through this process. Responses were varied and are captured in Table C17 of Appendix C.

Findings.

Case Study A research participants responded within a wide range of perspectives. Four employees (36 %) specifically referenced communication as an essential *people factor*, expanding their feedback to include reference to inclusion; an empathizing voice; the need to recognize various stages of merger acceptance; and keeping employees engaged throughout the merger. Two respondents (18 %) spoke about the need for respect; both respect for management and their struggles during merger; and respect for others' views and reactions. The remaining five feedback comments (45 %) were each distinctly different and included various themes: one respondent made reference to effective leadership and the *trickle-down* effect resulting in strong teams; one employee referenced the need for empathy and that each employee needed to think about everyone impacted, including employees and members, also making reference to the need for reasonable and fair compensation; another respondent acknowledged the need to recognize cultural differences and earn trust by doing what you say you are going to do; one respondent focused primarily on empathy for employees and the need to keep employee feelings in the forefront throughout the merger process; and one research participant spoke about employees not liking change, and the need to make the merger process as smooth as possible, understanding also what Credit Union members are going through.

An interesting story was related to me by the Human Resources manager of Case Study A. Early in the merger process, she led an exercise where the senior team of the smaller merging Credit Union was brought in for an *orientation session*, where they had an opportunity to tour the Head Office and do a sort of job rotation where they sat with various departments to better understand the workflow of the larger Credit Union. The Human Resources Manager wanted to get a feel for where these individuals were at emotionally with the merger so she presented them with a change management chart and relayed a study she had just learned at a management conference. The chart had participants start on the top of a hill that they could slide down to where there was a muddy pit; each was asked where they honestly felt they were on the hill at that point in the merger process. One of the managers was very honest and indicated they were very close to the pit, indicating they were on the top of the hill at the very time the merger announcement happened and was there for about five months and how they slid and are very close to the mud pit. Other managers opened up and agreed. This led the Human Resources Manager to change direction and acknowledge that whatever they are doing from this point onward is going to fail because the management team from that side is not on board and are struggling. She indicated they needed to first get the group back on the hill before introducing more significant change.

Case Study B respondents voiced very similar themes, with six employees (55 %) specifically referencing the need for effective communication throughout the merger. Within this group of employees, additional feedback comments were provided: one employee suggested it was critical to ensure employee buy-in to the process via open communication, honesty and no false promises; similarly another employee spoke about honesty and transparency, as well as good listening skills; one employee made reference to the need to avoid an *us versus them* attitude and to ensure no thoughts of *takeover* are considered; one employee referenced the need for assurances of job guarantees and job security; and one employee referenced the need for a positive work atmosphere to engage employees. The remaining five responses (45 %) were varied and included reference to change management and the need to be sensitive to employees not liking change: one respondent focused on the need to retain the best employees; one respondent also referenced competencies by suggesting management look at gaps in skill sets, meeting with all employees prior to merger; one respondent spoke about the need to address job security, pay, and benefits, ensuring good internal policies and a positive work atmosphere; and one employee suggested that merger participants need to stay calm, have patience and use strong listening skills.

Conclusion

Feedback from research participants in each Credit Union provided very meaningful and relevant suggestions concerning human resource best practices and the focus of the responses was in fact strikingly similar between the two Case Study Credit Unions. This would suggest to me that there was no distinction that would set one of the Credit Unions apart in terms of employee perceptions based on responses to this research question.

Research Question 20: Having described those critical *people factors* from the last question, how effectively do you feel your Credit Union dealt with each of these?

Having already identified what each research participant felt were critical *people factors*, it was my hope that each respondent would then reflect on their own experience and provide their sentiments as to how effective or ineffective their organization handled these important factors.Responses were brief and succinct, with a few employees providing some further elaboration and explanation of their responses, as contained Table C18 of Appendix C.

Findings.

Case Study A research participants provided positive responses, albeit brief ones, with eight employees (73 %) expressing views suggesting the critical *people factors* were handled effectively. It was noted by several of these employees that their Credit Union did an effective job of regularly surveying them to determine how they felt about various components of their employment, leading to a feeling of overall job satisfaction from knowing their employer cared about them and about the success of their engagement with their Credit Union. Additional feedback comments to support those views included the following: one individual suggested the use of a merger consultant in the future, as they needed to ensure tight project plans; one employee felt that their Credit Union did a great job in employee engagement and are working on communication; one respondent indicated they tried their best, did OK, treated employees with respect but were still cleaning up; and one employee mentioned the effective use of a suggestion box to solicit feedback and acknowledged that issues are being effectively dealt with. Two respondents (18 %) were non-committal/neutral in their response; one indicated their organization needed to have all managers engaged (perhaps suggesting that was not the case, but not elaborated on further); and one indicating their merger is a work in progress and that not doing the wrong things is critical. Only one respondent (9 %) suggested the organization *dropped the ball* but was not afraid to say they goofed. One employee related an interesting story about his communication with an employee from the smaller merging Credit Union. In that employee's words, they were *hanging on by a thread* prior to merger and would not have been able to grow on their own. When that situation was described to the employee of the larger merging Credit Union, he reiterated how the many strong resources of the merged entity would benefit employees in terms of providing them with the support and tools to grow and prosper together.

Responses from Case Study B Credit Union were somewhat similar; with seven respondents (64 %) expressing views that the critical *people factors* were handled effectively by their Credit Union. Once again, responses were brief but a few provided additional feedback during the research interviews: one employee expressed their support that the merger would prove profitable and member-centric; one respondent referenced some delays and employee apprehensions that were both dealt with effectively; one made reference to getting to know new people in the process; one felt strongly that handling of the critical *people factors* was 100 % successful in their department; and another respondent referenced early challenges but acknowledged response was overall positive. There were two employees (18 %) who were somewhat non-committal/neutral in their feedback; one of those respondents referencing some not-great communicators and the importance of picking the right people to bring employees together, noting that most succeeded; while the other respondent in this grouping felt there was still lots more to do, feeling the organization needs more meetings to address *elephants in the closet*. The remaining two employees (18 %) felt their Credit Union was ineffective in dealing with the critical *people factors*; one of those respondents focusing primarily on the communications process they believe was flawed; and the other respondent only making reference to the responses of the organization not handled effectively.

Conclusion

Contrasting the responses of the two Case Study research participants would suggest a slight edge to the Case Study A group, who appeared to be more positive in their evaluations of the organization's handling of the critical *people factors*. By Credit Union A placing a focus on ensuring they addressed employee concerns through effective human resource management practices, this organization is better positioned to ensure their employee teams are appropriately engaged and supportive of merger success.

Research Question 21: In your own words, first please describe how important you feel Credit Union employees' engagement and commitment is throughout the merger process, specifically before, during and after merger.

I did not ask respondents to elaborate on their responses but only looked for descriptive words that would be attributed to each stage in the merger process. Table C19 in Appendix C provides a summary recap of responses.

Findings.

Research participants from Case Study A Credit Union used three descriptive words to rate the importance of engagement before merger. Five employees (45 %) felt it was *critical*; five employees (45 %) felt it was *important*; and one employee (10 %) felt it was *less critical*. When considering the importance of engagement during merger, this group used three descriptive words. Five employees (45 %) felt it was *critical*; five employees (45 %) felt it was *important*; and one employee (10 %) felt it was *essential*. Finally, in response to how important engagement was after merger, six employees (55 %) felt it was *critical* and five employees (45 %) felt it was *important*. Employees from Case Study A made specific reference to the need to remain committed and positive during all stages of the merger process. Several of these research participants defined their personal engagement appropriately as the emotional commitment they had to their Credit Union and its goals. They showed in actions that they clearly cared about their work and their company. During one interview, the employee spoke about how their CEO engages with employees in describing the company's corporate success and reaches out to employees to involve them in all the community and charity work of their Credit Union. In the case of this employee, it meant a great deal to her, as she identified with his values and it instilled in her a passion for her Credit Union to succeed. Another Case Study A Credit Union employee described how her personal engagement kept her motivated throughout the merger process, recognizing there are many different personalities working together, each with different perspectives and opinions. She spoke about the need to ensure there was a cohesive purpose to the merger process that required engagement by employees at all stages of the merger process. Another individual led the data conversion team and related how her role caused her to constantly face negativity because she was charged with finding problems and issues that could impact the success of the data conversion. She related her technique of *mentally turning off being negative and trying to look for positivity*, as her team was constantly looking at her to gauge the status of the conversion process. She felt the need to ensure she had an emotional commitment to not just the merger process but to the whole company. She didn't want to appear stressed or anxious, fearing that her actions could negatively impact others on her team. In her case, she stressed how critical strong engagement was at all stages of the merger process. One of the member-facing leaders on the merger team from Case Study A stressed the importance of employee engagement to ensure that his team had that emotional commitment to the process that would allow them to better solve member problems so the team could be positioned to respond and explain any changes that might significantly impact Credit Union members.

Case Study B research participant's responses to these questions were slightly different. In describing how important employee engagement was before merger, this group used four descriptive words. Seven employees (64 %) felt it was *important*, two employees (18 %) felt it was *critical*, one employee felt it was *less critical* (9 %) and one employee (9 %) felt it was *heightened*. When queried about the importance of engagement during merger, there were seven employees (64 %) who felt it was *important*; two employees who felt it was *critical* (18 %), one employee who felt it was *given* (9 %) and one employee who felt it was *heightened*. Finally, in response to how important the research participants felt engagement was after merger, seven employees (64 %) felt it was *important*, two employees (18 %) felt it was *critical*, one employee (9 %) felt it was *less critical* and one employee (9 %) felt it was *given*. In one interesting discussion, one of the senior employees felt strongly that the most crucial point for the team to engage and have an emotional commitment to the organization was before merger. In their opinion, they felt it was incumbent on the organization to ensure that all employees clearly understood the rationale for merger long before the physical merger process began. This was quite striking in comparison to what many Credit Union B employees reported in terms of how the majority of them did *not* feel the rationale for their merger was well explained to them and indicated instead that they went into the process without buy-in.

Conclusion.

In contrasting responses from the two Case Study Credit Unions, it becomes apparent that employees in Credit Union A felt more strongly about the need for employee engagement at each stage of merger, compared to those of Credit Union B, particularly as the results are interpreted relative to the descriptive word *critical* that was used more extensively within this group of employees. Based on other associated feedback from Case Study A respondents, there is an apparent alignment between perceptions of importance of engagement and merger success, which will be further evidenced through the ensuing responses to research questions.

Research Question 22: In your own words, now please describe how important you feel your own personal engagement and commitment was throughout the merger process, specifically before, during and after merger.

While this question might appear very similar to the former research question, it was added to measure how research participants would evaluate their own personal engagement in comparison to the importance they initially placed on engagement at each stage of the merger. Responses to this second question are recapped in Table C20 of Appendix C.

Findings.

Responses from both Case Study A and Case Study B Credit Unions measuring each research participant's *own* perception of engagement were in fact identical to what each of them described as being the level of importance at each stage of the merger process.

Conclusion.

Based on there being identical responses between the two questions, I concluded that the relevance of these two research questions, while significant in describing the importance of engagement, does not illustrate an appreciable distinction, between what each respondent felt was important at the organizational and their personal level. In all cases, research participants evaluated their engagement to match what they felt the engagement significance should be for the organization at each stage of merger.

The final section of each research interview concluded with 4 open-ended questions that allowed employees to provide additional information that perhaps did not come up in response to earlier survey queries or to add any feedback they felt might be relevant and useful to this research study.

Research Question 23: Please describe what you feel should have been done differently during the merger of your two Credit Unions.

I intentionally left this question very open-ended, without providing any prompts or examples, so that respondents would be able to reflect on the entire merger process and provide any additional feedback or commentary that was not already covered during the course of the research interview. In some cases, new information was injected but in other cases, earlier feedback that research participants felt was particularly important, was again stressed. Comments are contained in Table C21 of Appendix C.

Findings.

In Case Study A, it was not surprising four respondents (36 %) suggested communications in response to what they felt should have been done differently. Specifically, that group felt there should be a stronger focus on continuous communication at all stages of merger and that their Credit Union should have surveyed employees more often. Two respondents (18 %) referenced the need for improved project management, with one of those employees suggesting the need to better anticipate and plan project timelines and the other respondent suggesting that changes should have been made quicker, particularly financial decisions. Two respondents (18%) referenced technology concerns with one employee specifically mentioning the loss of Interac E-Transfer capacity and the other employee suggesting the need to let employees know about system changes and the impact of different new technologies. Two respondents (18 %) did not feel anything could have been done differently so there was no need to elaborate. One employee (10 %) felt it was critical to select the right people to serve on the merger team and there was a need for the project team to ensure everyone was happy throughout the merger process.

Case Study B Credit Union respondents provided somewhat similar feedback as those from Case Study A. Four employees (36 %) specifically referenced the need for more effective communication: one respondent indicating there is always room to improve employee communication; another respondent referencing member communication to make the merger process easier for them; and another employee suggesting improving communications at a personal level and dealing effectively with softer issues including staffing support and training.

Three respondents (27 %) focused on ways of interacting with employees more effectively: one respondent suggested the need to respond to those employees personally impacted by merger; one questioned if the former manager should have been retained for a period of time post-merger, adding that might have provided some comfort and reassurance to employees; and one respondent suggested management needed to spend more time with employees during the merger. Two respondents (18 %) had nothing further to add. One employee (9 %) expressed concerns that one of the merger team members created negativity and suggested different people be selected for those roles; and one employee (9 %) felt the organization needed to address compensation issues and employment status of employees (full-time versus part-time).

Conclusion.

In contrasting the two Case Study responses from the research participants, it would again appear there is strong positive support for merger success within Case Study A Credit Union, where fewer employees highlighted significant gap areas. Case Study B participants expressed greater negativity and less supportive/constructive comments, which might suggest they were less on-board with the most effective form of transformational change that should accompany a successful merger process.

Research Question 24: If you could select one or perhaps two lessons to be learned from your recent Credit Union merger, what would those be?

This second of the open-ended questions offered an opportunity for employees to again reflect on their merger process and provide feedback that could be used to more effectively manage future merger projects. It was my intent, through this and the other open-ended questions, to ensure there was sufficient opportunity for each research participant to be able to provide meaningful feedback concerning not just their own personal contributions to merger success or failure but information that would be proactively shared with leaders of their respective Credit Unions to ensure a smoother merger transition experience for future or pending similar initiatives. Responses appear in Table C22 of Appendix C.

Findings.

In light of the fact that all research participants had already been very vocal in expressing their views through the research interview responses to earlier questions, it was anticipated there was a risk for some repetition in response to the request for one or perhaps two *lessons learned*.

Case Study A research participants outlined several lessons learned, most of which have been covered in response to earlier questions and during the ensuing conversations with me. Two participants (18 %) had nothing further to add and the responses of the remaining 9 participants (82 %) are grouped below. These lessons learned can be categorized into the following areas:

- Project Management: Need for a stronger process
- Communication: Preparing employees and keeping them informed at all relevant stages of merger; increased consultation with both employees and members
- Human Resource Management: Ensuring team members understand purpose and benefit of merger; building cohesive teams; building trust; learning from one another
- Change Management: Preparing employees for significant change; doing a *temperature check* at various stages of merger

In Case Study B, there were three respondents (27 %) who had nothing further to add. The remaining participants (73 %), referenced a few similar responses to Group A and their lessons learned can be categorized into the following groups:

- Technology: Significant preparation and communication on impact of changes needed
- Communication: Focus at a personal level
- Human Resource Management: Address softer issues such as staffing and training; spend more time with employees during merger
- Project Management: Act more quickly and be attentive to detail; increased due diligence process

Conclusion.

Contrasting the responses of the two Case Study Credit Union employee groups indicates there was a greater need to address negative factors in Case Study B, where employees described their suggested *lessons learned* in a manner that suggested insufficient attention was paid to a number of deficient areas. Respondents from Case Study A were more constructive in terms of feedback in this area, suggesting they were possibly more open and receptive to merger.

Research Question 25: How would you describe the overall organizational culture following the merger?

This third question in this section addressed organizational culture. Each employee was also encouraged to comment regarding retention or changes in values, norms, expectations, attitudes or work ethic. It was anticipated this open-ended query could result in a significant volume of feedback responses and that proved very true. Themes from the responses appear in Table C23 of Appendix C.

Findings.

In describing their organizational culture, Case Study A research participants responded positively, with eight employees (73 %) indicating their organizational culture was strong, albeit with three of those respondents (27 %) qualifying that judgment. Of the remaining five employees who did not qualify their judgments, additional feedback was provided to indicate the following: one employee felt the organization reflected a good feeling of camaraderie and was seeking unity in all branches; another respondent referenced the organizational culture as being overall very strong and healthy; a third respondent indicated working relationships are strengthening, with all teams going in the same direction; one employee felt there was now a strong focus on values; and one suggested the organizational culture was positive now, with everyone embracing change well, looking forward and not backward. Of the three respondents qualifying their positive comments, one indicated there remained some apprehensions related to trust issues; another suggested some employees have a tendency to occasionally be negative and there is still some *us versus them* attitude that results in some degradation in culture on occasion; the third respondent reflecting similar *we versus them* concerns, suggesting that employees need to comply and accept the changes. The remaining three employees (27 %) all felt their organizational culture was improving; one respondent indicated it was *on the mend* despite engagement rankings lowering, suggesting further service strategy training was necessary; a second employee felt the culture is coming along and improving, with fun returning back into work; and the third respondent suggested the organization is working towards improvement and bringing together all of the employee teams.

Case Study B research participants described their organizational culture differently. Four respondents (37 %) felt their culture had not changed as a result of their merger. These individuals provided additional feedback: one employee suggested their culture had remained very sales and business development oriented; one respondent who felt the culture was unchanged made reference to now having the benefit of a larger organization; a third employee felt there was still a close cohesive culture in place; and the fourth respondent did not feel anything had changed and the combined Credit Union remained active in their communities. Two respondents (18 %) reported improvements in the organizational culture; one employee suggested that the culture of *being acquired* was changing, the pace of the combined organization was faster for some and that they were dealing with higher transaction volumes; and the other respondent felt the organizational culture was improving but was not completely integrated yet, with a new manager not yet fully supported by the employees. Two employees (18 %) felt the organizational culture was strong: one of those respondents indicated the same strong values and goals are in place and that bigger means better for members; the other respondent felt overall morale is good and that the organization is changing to respond to company needs in managing margins and liquidity. Two respondents (18 %) spoke negatively about the organizational culture: one individual indicating there is no organizational culture, growth is not organic and employees work too much on their own; the second respondent felt the company worked as a team prior to merger but the subsequent post-merger erosion of trust has reduced that culture. One final response (9 %) referenced their perspective that the Credit Union is a family, that they liked it that way and that everyone steps in and helps. One employee contrasted the merged entity in terms of how the culture changed from what they were previously accustomed to in their smaller Credit Union, where their employee numbers were smaller and leadership recognized their work readily. In the larger merged organization, they felt the onus was now on the employee to reach out to the leaders to make them aware of their accomplishments and expenditure of effort in order to be recognized; in their opinion representing a significant degradation in organizational culture. Another employee negatively referenced a top-down culture that had evolved, which was quite different from the collaborative culture prior to merger.

Conclusion.

Indications are strong that Case Study A Credit Union respondents feel the organizational culture is either strong or on the path to significant improvement with no employees indicating a negative organizational culture. By contrast, Case Study B Credit Union employees did not provide a similar assessment. This pattern of response clearly supports the favorable position of Credit Union A in terms of the group's adaptability to change and propensity for embracing the components of a strong organizational culture.

Research Question 26: What else would you like to add?

The final survey question was a very short and concise one. Only a few research participants provided feedback at this juncture, indicating they had already had an opportunity to voice their views through response to the earlier research questions. I included this final *round-up* question to ensure that all research participants had every opportunity to provide their input and opinions related to their merger experience. In the event the research questions presented to the participants did not allow an opportunity to provide perspective that was considered important to the research participants, this provided them with that opportunity to add additional information. In many cases, there was nothing additional to add and, in some cases, it was a chance for some research participants to reiterate how strongly they felt about something that might have already been covered during the earlier part of the interview. I committed to completing the research interview within the allocated one hour block and was able to manage the time effectively for 21 of the 22 research interviews. The one interview that extended beyond the allocated time block was a result of an agreement between the researcher and the respondent to delve a little deeper into discussions. In light of the fact this individual held the most senior position in the company, it was deemed quite reasonable to allocate some additional time for this interview, which lasted approximately 72 minutes. A summary of the limited additional comments appears in Table C24 of Appendix C.

Findings.

Seven Credit Union A research participants provided two forms of final wrap-up responses to this open-ended question. Four of those individuals (36 %) provided constructive comments that included the following: one respondent suggesting it is essential to include employees in the merger process as much as possible, recognizing that not all employees know one another well; a second respondent suggested that mergers are not easy and required significant work to be successful; a third respondent indicated it is important to focus on Credit Union values; and a final employee suggested the organization consider job security commitments more closely, eliminate product changes at time of merger, and put more focus on data system/technology platform changes. There were also three employees (28 %) who wrapped up their research interviews with very positive feedback statements; one respondent felt great things were happening and their Credit Union was on the precipice of greatness, although the banking platform required change; another employee was positive and spoke about a bright future for their Credit Union; and a third respondent indicated they learned a lot from fellow employees and that made both merging entities stronger. Four respondents (36 %) had nothing further to add to the research interview.

Responses from research participants in Case Study B were appreciably briefer, with two employees (18 %) providing constructive comments. One of those individuals expressed their expectation that you need to work hard to get recognized. I asked for additional clarification on that feedback statement and there was little additional information volunteered. The other respondent offering a constructive comment suggested that it is critical to ensure cultures of merging entities are aligned. When asked to elaborate on this question, that employee spoke positively about the cultures of their two merging entities being well aligned, resulting in a successful merger process, in their opinion. Nine respondents (82%) had nothing further to add. While it may initially appear that little information was forthcoming in response to this wrap-up question, particularly from Case Study B Credit Union participants, it should be noted that each research interview was very detailed and comprehensive, with every opportunity provided for respondents to expand on their answers. In reviewing detailed transcripts of the interviews, I noted there was only one respondent who initially was somewhat challenging to draw detailed responses from. However, upon addressing that concern with the individual, there was an immediate change that resulted in responses increasing in length and complexity. The respondent, in this case an accountant from the UK, attributed their initial brief replies to a cultural distinction.

Conclusion.

Limited additional information was discerned from the final wrap-up question, with the exception of again noting there was further constructive and positive feedback from Case Study A Credit Unions. This would again perhaps suggest a competitive advantage for this group of respondents who consistently supported a more positive and optimistic culture of change compared to the employees of Case Study B Credit Union.

In summary, a series of 26 research questions were presented to the 22 research participants during the course of each one-hour telephone interview. Participants were asked to comment on the nature of their involvement and sense of inclusiveness with their respective mergers and it was generally shown both were effective in ensuring their teams were informed of the appropriate stages required relative to their organizational roles while Case Study A employees had a higher level of inclusiveness in their merger discussions. Case Study A Credit Union also assessed their perceived value at a higher level than Case Study B employees. With respect to the antecedents of organizational trust, there was a noted distinction between the two Case Study Credit Unions as it related to psychological contracts and communications, in particular. For both of these antecedents, there was a favorable position for Case Study A Credit Union. The remaining antecedent, namely Organizational Justice, did not show a significant distinction between the two Credit Unions. Interview results relative to Organizational Trust were also presented and comparisons illustrated between responses, noting that Case Study A Credit Union employees held an enhanced level of trust in their leadership. Case Study A Credit Union also placed more importance on the impact on employees of the merger process and their employees were more positive in terms of how they handled the important *people factors*. This group also recognized the importance of engagement at a higher level than those of Case Study B Credit Union. An analysis of these findings will follow in Chapter 5.

Chapter 5

Theme Analysis

Until this study, there was limited literature and research to support how employees' psychological contracts impact organizational trust and how trust factors impact employees and the perceived importance of their engagement. This research study focused specifically on these issues by means of a case study comparison of two Credit Unions who have gone through merger. There are numerous factors within the control of leaders to positively impact how employees judge the tenets of their psychological contracts to have been met so they can trust and champion merger success. Through a series of personal interviews with employees, I attempted to delve into 22 accounts of personal perspectives in order to learn and grasp how these factors impacted the outcome of each Credit Union's merger process.

Research data were collected through the recording and subsequent transcription of detailed research interviews with a representational cross section of Credit Union occupational groups. The data were then specifically evaluated to identify distinct patterns and commonalities in responses. Key response wording has been captured in a series of tables that are presented in Appendix C and elaborated upon in Chapter 4.

Sense of Inclusiveness.

Case Study A Credit Union employees consistently identified a greater sense of inclusiveness and a higher perceived value being placed on their input relative to the merger of their Credit Unions. At an early juncture in the research process, this provided relatively reliable suggestions that those employees were more oriented towards embracing and engaging in the merger process in their Credit Union. For example, Case Study A Credit Union identified the need for periodic update meetings of their senior team on a weekly basis to ensure those who needed to be *in the know* were appropriately updated and included in discussions that would impact their operational area. Their VP of Human Resources stated:

> From the human resource side, I definitely felt included from the start. We had a steering committee for the merger from the beginning and we would meet often to discuss progress. We met every week during the data conversion. It would depend on what was going on but we would otherwise meet every two weeks.

This same individual spoke often, during our interview, about the need for injecting positive energy into the merger process, promoting a strong sense of inclusiveness whenever the opportunity arose. Her approach and own sense of positive energy appeared to clearly work in favor of her Credit Union.

Another Case Study A Credit Union non-management employee provided some unsolicited input, during the Open Dialogue section of our interview, concerning the significant work her management team did in terms of including employees in the merger process. She specifically referenced update sessions at a local hotel, periodic telephone conferences with the CEO and other means of including the full employee team, not just management, in the process. In her opinion, this had a significant impact on her sense of inclusiveness. Another employee from this Credit Union felt very gratified to have been seen as an investments subject expert during the merger process and related his feeling of satisfaction to receive this recognition and feel so positive about his inclusion in the merger process.

Case Study B Credit Union employees often felt left out of key discussions and what they considered important decision points of their merger process. One senior manager, joking that his ego was not bruised, did express significant concern that he was not included in many critical preliminary discussions, as these were kept very private and confidential, between the CEOs of the merging entities and, in some cases, strictly between the CEO and Human Resources Manager concerning potential future impact on employees. In his case, he felt it was necessary for him to be involved in those preliminary discussions to grasp the impact of the pending merger as it affected him and his department. He indicated: “I found out at the tail end of things; sometimes months or weeks after I should have known …. I was very ignorant of what was going on so I was always trying to catch up.”

The relevance and meaningfulness of having a sense of inclusiveness essentially relates to the resulting commitment the employee team will provide their employer. Employee engagement will be critical, depending on how included employees are in the merger process. There is too often a primary focus on combining the tangible assets -- finances, branch structures, administrative systems, etc. -- without first ensuring the employee team is included at those stages of the merger process where they will benefit from the gathering of knowledge surrounding how the merger will impact them as well as how they can contribute to the process. Contrasting my two case study Credit Unions resulted in a discernible distinction between the two and clearly indicated Case Study A Credit Union leaders were far more oriented towards including their key players in the merger process at relevant stages, resulting in a higher commitment and engagement level when it was essentially needed.

From a leadership perspective, the senior management of the Credit Union would be well served to recognize how critical a sense of inclusiveness is to support both the level and timing of how employees will champion the merger process. As noted in my literature review, it is incumbent on the leadership team to ensure employees firstly understand the rationale for merger and secondly that they identify and pay attention to what is required to ensure merger success. In analyzing and contrasting the feedback from research participants in each of the two Case Study Credit Unions, it becomes evident that Case Study A Credit Union management placed a greater degree of importance on this critical factor. By excluding employees from that preliminary stage of dialogue, Credit Union B employees were not effectively empowered to be knowledgeable and conversant with the details and intricacies that are integral to their understanding of the rationale for merger. As such, it is not reasonable to assume they will be in a position to embrace the merger process and engage their support at the early juncture when that is essential. Based on my analysis, it would appear that a very conscious decision was made by the management of Credit Union B to restrict preliminary merger information from a number of key employees. At this very early stage of the merger process, that action proved to be counter-productive, leading to a suboptimal outcome.

Although my conceptual framework did not specifically include reference to a sense of inclusiveness as a component of the model, it is undoubtedly an integral early component that holds significance relative to employees embracing the merger process. In a sense, it helps define a willingness to engage when employees feel they have been included and considered in the decision-making process.

Psychological Contracts.

In first defining expectations relative to the first of the three antecedents of organizational trust, their psychological contracts, Case Study A Credit Union employees were clearly more positive and supportive of their employer, with the majority of respondents defining very reasonable employer expectations relative to the merger process. By contrast, Credit Union B employees held significantly higher and perhaps even unrealistic expectations of what they expected from their employer, resulting in a clear suggestion that group identified an initial disconnect in this area. This was further supported by the responses to how their Credit Union in turn met their perceived expectations and obligations, with the majority of Credit Union A employees indicating their employer reciprocated based on what they provided the employer while Credit Union B employees were far less positive in their responses. This suggests that Credit Union A placed a far greater emphasis on identifying its obligation to its employees and meeting them appropriately, an early indicator of increased engagement and resulting merger support from this group of employees.

My conceptual framework shows psychological contracts as the first antecedent of organizational trust, illustrating a similar linkage to two other antecedents of organizational trust, namely, organizational justice and communication. This research study placed the highest significance on this first antecedent, as I felt it held critical relevance to my model. Overall, Credit Union A employees defined reasonably strong understandings of their psychological contracts in terms of what they felt their commitment to their employer was in exchange for their employer's commitment to them.

When asked if there was ever a breach of the psychological contract, either by employer or employee, both Case Study Credit Unions drew interesting parallels, with the majority of all 22 research participants suggesting their psychological contracts were not in fact breached. This common response was surprising to me, as I would have predicted, based on responses to survey questions up to this point, that several employees, particularly those from Credit Union B, would have in fact defined there having been a breach of their psychological contract. That might in fact be attributed to the strength and impact of the word *breach*. I had alternately considered using the word *violation* in its place, during an earlier iteration of the questionnaire. However, I felt that word also was considered too strong and negative of a descriptor. In hindsight, I might suggest a better word to describe how the tenets of employee's psychological contracts were impacted could be by using the word *disconnect*. That word may in fact have elicited feedback that could suggest some portion of the psychological contract may not have been met while another portion had been met.

As noted in my literature review, a primary challenge with psychological contracts relates to their distinctive difference from formal or implied contracts because psychological contracts are inherently perceptual. In the absence of clearly written expectations on the part of the employer and employee, there is clearly an opportunity for a disconnect in perceptions or expectations. By virtue of the research participant's indications that there were no breaches, it would suggest there was a relatively clear understanding and perception of mutual expectations. Based on my discussions with employees, I sensed that the majority of role expectations were clearly understood, recognizing there are essential duties and responsibilities that are inherent within each of the occupational groups and therefore implicitly understood. However, it is those perceptions that are more subjective or nebulous in nature that can suggest a potential disconnect. When conditions are such that a mutual understanding exists, the tenets of each psychological contract will essentially have been met. This will in turn positively impact the level and degree of organizational trust present in the organization.

The final question in this section solicited feedback relative to how employees identified with their organizations, resulting in each of the Credit Union A employees defining a perception of oneness with the organization, further indicating their very strong alignment to the values and beliefs of their Credit Union. Case Study B Credit Union employees did not define a similar sense of oneness or alignment, with several providing strong negative feedback to this query.

This again suggests Credit Union A employees were stronger supporters of mergers relative to their definition and understanding of those factors surrounding psychological contracts.

From a leadership perspective, the employee's identification of oneness with their organization cannot be understated. Credit Union employees need to embrace an organizational culture they believe in, one that lends itself to a clear definition and understanding of the purpose of the organization and one that provides them a means to align their personal core values and beliefs with. In the absence of that oneness with the organization, senior managers fall prey to a culture of misalignment and potential conflicts between what the employer stands for and what the employee stands for. This will significantly erode their level of organizational trust, as outlined in my conceptual framework.

In the case of Credit Union A employees, there appeared to be sufficient detailed feedback from research participants that indicated they were well aligned with their Credit Union, in obvious contrast to employees from Credit Union B. As a result, at the very early stages of employees defining their beliefs regarding the terms of an exchange agreement between themselves and their organizations (Rousseau, 1989), they are in fact faced with personal conflicts as it relates to how employees align with the core beliefs and values of their employer.

Zagenczyk et al., (2011) suggested that breach of a psychological contract is negatively related to in-role and extra role performance and positively associated with negative attitudes and withdrawal behaviors. This is particularly meaningful as it relates to my interview results with employees of the two case study Credit Unions. While neither group reported any significant breaches and both groups appear to have maintained relative positive attitudes and support of their respective mergers, there appears to be far more at play here. A degree of organizational disidentification (Zagenczyk et al., 2011) was made evident on the part of Credit Union B employees. This disidentification carried through with this employee group, resulting in a very significant leadership challenge. There were several further suggestions, through the course of my research interviews, when Credit Union B respondents provided additional suggestions that they did not feel aligned with the leadership of their Credit Union. Although it certainly was not perceived to be an extremely serious misalignment, it was nonetheless seen as having a degree of significance, with reach extending into other areas of my research study. The leadership of Credit Union B, in many cases, put forward a concerted effort to address any misalignment or disidentification that they seemed to have perceived was evident within their organization. However, it became increasingly evident that the leadership team was not always cognizant of these differences. This manifested itself in the absence of effective communication in some instances.

In summary, as it relates to my conceptual framework, a more apparent and stronger sense of identification relative to Credit Union A employee's psychological contracts, further supported and led to a stronger degree of organizational trust for this employee group.

Organizational Justice

For this antecedent, three questions were put forward to research participants; the first to assess perceptions of distributive justice. In response, both Case Study Credit Union employees indicated they were treated fairly and reasonably in return for what they provided the company and this would certainly suggest distributive justice was appropriately managed, resulting in support of each respective merger. The second query measured procedural justice, with the majority of Credit Union A employees indicating they had an equal and reasonable voice and were treated respectfully; similar responses were received by Credit Union B employees with only slightly lesser support feedback from this second group of employees. I therefore concluded no discernible differences were noted relative to how perceptions of procedural justice as an antecedent of organizational trust played a role in merger success or failure. Finally, the third query to employees addressed interactional justice from the perspective of merger decisions and outcomes being: a) reasonable and necessary, b) consistent and ethical across the company, and c) fair and respectful of all employees. Overall, responses were again similar in both Case Study Credit Unions, with a tendency towards a more positive and supportive response to interactional justice responses favoring Case Study A research participants, again supporting indications that employees in that Credit Union provided further strong support for merger. This second antecedent of organizational trust did not stand out significantly as one that held a strong sway favoring one Case Study analysis compared to the other.

My conceptual framework included organizational justice as the second of three antecedents or organizational trust. As research results indicate, although there was not a significant discernible difference between the two Case Study Credit Unions, there was a small degree of favor shown to Credit Union A research participants, which suggests this antecedent led to a stronger degree of organizational trust for Credit Union A.

Searle and Ball (2004) noted that organizational justice theory distinguishes three distinct perceptual aspects, which are linked to trust: distributive, procedural and interactional. Based on my analysis of the two case study Credit Unions as it related to these three components of organizational justice, there was not a significant correlation or relationship established to support this antecedent being as significant a determining factor as the other two noted antecedents of organizational trust.

From an organizational and leadership perspective, the generalized feedback from both employee groups holds significance. Based on the ten principles of organizational justice described by Hoy and Tarter (2004), employees' responses to the three research question categories in my study suggested several themes that were relatively uniform between the two Case Study groups. Those principles of equity, perception, voice, interpersonal justice, consistency, egalitarian, correction, accuracy, representative and ethical all impact how employees behave and react. Both Credit Unions voiced opinions suggesting relative and consistent fairness and treatment by their employer. While this may not necessarily align with the aforementioned misalignments relative to psychological contracts, it does in fact highlight a strong level and degree of managerial respect and competence. In their effort to encourage their employees to embrace and champion their respective Credit Union mergers, each group of leaders made efforts to act fairly, reasonably and respectfully with their teams. I would propose this was based on the obvious need to enlist the support of those who leaders wished to empower at an important juncture of the merger process.

Communication

This final antecedent of organizational trust was measured through the application of three research questions with research participants; the first asking how their employer communicated with them concerning merger preparedness, timelines, impact analysis, due diligence processes and periodic updates. The overwhelming response of all Case Study A respondents was that they generally felt positive about the communications process while Case Study B respondents noted a number of communication failures. There were more supportive and positive additional feedback statements from Case Study A and more negative comments from Case Study B respondents, suggesting that communications were more thought out, better managed and detailed in Credit Union A.

My conceptual framework positioned Communication as the third and final antecedent of organizational trust, one that showed a very significant impact and discernible difference between the two Case Study Credit Unions. Clear and concise communications, as noted in my literature review, are integral and complex components within the merger process. In the absence of this level of clear and concise communications, there exists a significant risk for distrust, often fueled by misunderstandings. Partnership mergers bring with them anxieties, fears and doubts, all of which can be effectively managed through a well-structured communication process. That in turn engenders a greater sense of organizational trust, as illustrated in my conceptual framework.

Evaluating participant responses, from a leadership perspective, clearly highlighted the fact that one Credit Union placed a very significant emphasis on dynamic and effective communication at all levels. Case Study A Credit Union leaders chose avenues for informal sharing of meaningful and timely information with their teams, unlike Case Study B leaders. Underlying the responses of research participants was a pattern that defined a degree of honesty and openness within each Case Study. Suggestions of a more forthright, honest and open communication style were clearly heard during interviews with Credit Union A employees, contrasted with shadows of reservations and *mystery* coming from Credit Union B leaders. In some respects, there appeared to be an attitude of Credit Union B leaders that they should restrict information on a *need to know* criteria, resulting in a perception by employees that they did not feel their input was as significant and valued as it could or should be.

During my research interviews, it was particularly interesting to note feedback comments concerning end-of-day or end-of-week recap communications from the leaders of Credit Union A. Many of these communications contained open and transparent messages describing weaknesses in processes and in some cases acknowledged failures. Each of these was supported by a *lessons learned* story that imparted information to employees that was meaningful and relevant. In fact, the impact of those sections of the communications highlighted that the merger process was not perfect and that there were acknowledged mistakes and gaps that the Credit Union could learn from. Several Case Study A Credit Union's employees referenced those communications and commented on how meaningful that openness and transparency were to them. Several references were made to the style of the CEO of Credit Union A, who was described as the type of leader who was unafraid to admit errors and learn from them. By contrast, none of the Credit Union B employees referenced a similar style of communication. This has huge significance as it related to the level of organizational trust that existed in each Credit Union, as highlighted in my conceptual framework.

Consistency and timeliness of communications were referenced by both Case Study Credit Unions, with a clear differential between the style and content of the messaging, as outlined above. Both leaders made concerted efforts to update their teams, with a greater success rate attributed to Case Study A Credit Union leaders.

The second question focused on how sensitive and cognizant each employer was relative to the personal impact of the merger on employees. Contrasting the responses of the two Case Study groups again suggests Case Study A management showed greater concern and awareness of the importance of considering the personal impact on employees and how that will influence employee's support of the merger process. Leaders who show sensitivity to the impact of merger on employees engender stronger support from their teams and this becomes very evident when evaluating feedback comments from my research study. This in turn impacts the level of organizational trust. There may in fact be divisions between employees and employee groups as to what is considered impactful and significant. For example, a CEO is often dealing with complex and demanding decisions and judgments that they would in fact consider far more significant than the challenges a team leader may be dealing with. However, each team member's challenges are relative to their roles and have meaningful impacts to those individuals. Case Study A leaders showed a significantly higher degree of compassion and understanding, sentiments that were reflected through the responses of several research participants. These leaders recognized the meaningfulness of personal impacts, whether they were related to work or home factors. Acknowledging this in turn positively impacts organizational trust within Credit Union A.

As noted in the literature review, in the absence of clear communications at all levels of merger, confidence, disbelief and suspicion potentially emerge, often fueled by gossip and innuendo. In the case of two Case Study B respondent conversations, a level of apprehension and suspicion was clearly evident and resulted in those employees not embracing the merger of their respective entities. As a result, there was an erosion of organizational trust in Credit Union B.

The third and final query relative to communications asked each employee what, if anything, they would recommend be done differently. Analyses of responses, also supporting the responses to the first two communications queries, indicated more meaningful and relevant suggestions based on their observations of an effective communication process in Credit Union A. Although Credit Union B participants also provided constructive and relevant feedback, many of their responses suggested significant communication deficiencies during their merger process.

Based on these results, I have concluded that the antecedent of Communication certainly played a significant role in impacting organizational trust as it aligns with my conceptual model. Case Study A Credit Union employees were beneficiaries of a more structured and effective communications program related to their merger process and, as a result, their level of confidence in the merger process itself, as well as their trust in the leadership of the Credit Union was enhanced. Nguyen and Kleiner (2003) wrote extensively about why mergers failed and specifically referenced the need for an effective communication schedule, as delays in communication can result in employees feeling apprehensive and even hostile towards the merger, making subsequent communication processes strained and difficult. There were several instances and examples related to me by Credit Union B employees that their management team were delayed in communicating relevant information, a significant contrast to Credit Union A employees who were kept in the loop at critical stages of the process.

My conceptual framework aligns psychological contracts, organizational justice and communications as key antecedents of organizational trust. As noted in an earlier section of this chapter, a sense of inclusiveness was also incorporated as an additional consideration outside of the conceptual model. Several questions were put forward to research participants relative to organizational trust within the two Case Study Credit Unions. Their perceptions, combined with the antecedents noted, in turn determined employee outcomes relative to the impact on them, the perceived importance of engagement and finally led to a determination of whether each merger was in fact a success or failure.

Organizational Trust

There were four questions asked of research participants to measure organizational trust. The first was to evaluate the level of trust employees had in their leadership team before, during and after merger, with an opportunity provided to each employee to elaborate on their response. Once again, there was a fairly significant range of feedback and it suggested an enhanced level of trust in Case Study A leadership, where employees more positively aligned themselves with management and supported them through the merger process. Some early trust issues and deficiencies were identified by Credit Union B employees, which may negatively impact their support of merger.

Analyzing this from a leadership perspective, it is important to understand how significant trust or the lack thereof can be to the merger process. Firstly, the two Credit Union CEOs had to maintain credibility and, in both cases, each appeared, through the eyes of their employees, to be credible and respected leaders. However, their leadership styles were clearly distinct, unique and different. The leader of Credit Union A communicated with team members with a clear and collaborative style while the leader of Credit Union B communicated with more of an authoritarian style. Based on conversations with research participants, both leaders were considered credible, but in different ways. Secondly, both leaders were considered trustworthy, as was the senior team of Credit Union A. There was some doubt and resulting cynicism expressed by Credit Union B employees with respect to their senior team, resulting in perceived erosion of trust in that group. That group of leaders was not seen as being as transparent as Credit Union A leaders were. Several Credit Union B employees suggested they did not fathom the full impact of the merger process, particularly as it related to routine procedural and process changes, as well as the impact of change on their respective Credit Union members.

The second question, followed by a definition and explanation of *felt trustworthiness* presented a contrast to the first question, asking each respondent how their leadership team trusted them and how it made them feel. Contrasting responses from the two Case Study Credit Union employees showed no significant distinctions in the levels of *felt trustworthiness*; both sets of research participants aligning themselves with the strong positive response each felt when their leadership team trusted in them. I was particularly interested in this area of organizational trust and somewhat surprised by the lack of distinction between responses from the two groups. Based on the feedback to this juncture of each research interview, it might have been a reasonable hypothesis that Case Study B employees might not feel quite as trusted as Case Study A employees. However, both groups felt they were equally trusted by their management teams, resulting in a very positive reinforcement of their worth and value to the merger process. Several of the respondents chose to expand on the reasons for feeling trusted, explaining the significance of their functions in their respective merger processes and essentially why they were chosen for their respective roles. This was certainly an interesting component of each research interview.

The third question relative to organizational trust focused on the degree of trust existing between employees and resulted in a wide range of responses and interpretations. In both Credit Unions, employees suggested organizational trust was either satisfactory or improving. There was therefore no rationale for identifying a common theme that would differentiate between the two Credit Unions relative to this factor. In both Credit Unions, there appeared to be a clear sense of shared vision for success and the mutual understanding of the need to not only trust the leadership team but to also have trust in one another. Employees expressed only mild apprehensions about job satisfaction in Case Study B Credit Union but it did not appear to be correlated with trust in either their leaders or in one another. As with any merger of entities, there exists some degree of apprehension relative to job security but overall Credit Union A employees appeared very confident and trusting of their future, again with only mild apprehensions expressed by Credit Union B employees.

The final question in this section asked if employee's interests were aligned with senior management as it pertains to Credit Union mergers. Comparing these responses for the two Case Study Credit Unions illustrated several parallels in employee responses and supported an alignment with the interests of senior management in both merger scenarios. The lack of distinction between the responses of the two groups unfortunately does not provide any discernible value to the research study. From a leadership perspective, employees all held trust in their leaders to make the right decisions as they relate to future merger decisions and outcomes. Several employees expressed some reticence and hesitation to respond to this query, as they did not personally feel they were equipped with the knowledge and expertise to judge what potential future relationships would be of value and serious considerations for their Credit Union.

Overall, Credit Union A employees showed greater trust in their leadership, while both Credit Unions expressed relatively similar feedback with respect to the impact of felt trustworthiness and organizational trust. All research participants stressed the importance of trust that in turn helped them embrace the success of their merger process, particularly in Credit Union A. This represented a significant finding of my research study.

Impact on Employees and Employee Engagement

The importance of employee engagement was measured through five key questions; the first asking research participants to describe how they were impacted by their respective merger, from both a personal and professional perspective. Overall feedback on this question was slightly different between the two Credit Unions, with Case Study A employees appearing to be considerably more supportive in nature than those of Case Study B, suggesting a propensity for more positive and supportive merger actions in the former group. There were several feedback comments from Credit Union A employees that suggested positive personal and professional impact resulting from their merger experiences. Senior leaders of that Credit Union were more attuned to how the merger process would play a role in the lives of their employees and ultimately influence the level to which those employees would manage and embrace the resulting organizational changes. Just by soliciting feedback in this area, in some cases it opened floodgates of sentiments, with a clear distinction between the two organizations becoming evident. Credit Union B employees provided more negative and unsupportive comments in response to this query, suggesting their employer had less concern for how the merger process impacted their employees. From a leadership perspective, this is a critical area and reflects on the level of employee support that can be expected. Not valuing employee input, both personal and professional, can suggest an uncaring or non-compassionate leadership style, with negative implications on employee support and the merger success.

The second question asked respondents to identify what they consider the most critical *people factors* and was intentionally brief and intended to openly solicit opinions regarding the softer skills that could perhaps be factored into merger processes. Meaningful and relevant suggestions concerning Human Resource Best Practices emanated from both groups and were strikingly similar. Initially, this question confused many of the respondents and, on reflection; its placement in the interview process might have explained the confusion. It was my intention to query employees with respect to the softer factors as they relate to interpersonal and human resource practices and to gain a deeper understanding of those factors considered important to employees during the Credit Union merger process. It also provided an opportunity for employees to step back and critically explore what those *people factor* considerations might be and then, in the subsequent question, provide feedback as to how their employer dealt with the *people factors* they listed as noteworthy.

The third question in this section was a follow up on the *people factors* question and aimed at determining how effectively their employer dealt with those factors previously identified by respondents. Overall, responses were slightly similar, with a leaning towards Case Study A employees feeling their organization managed these human resource priorities more effectively, suggesting that Credit Union is better positioned to ensure their employee teams are appropriately engaged and supportive of merger. Once again, from a comparative organizational perspective, there appeared to be more awareness and sensitivity on the part of Credit Union A leaders as it related to those important *people factors*. Organizations often overlook the significance of these factors, not always recognizing the importance employees place in them. In both Case Study Credit Unions, there were several significant Human Resource Best Practices brought to light and discussed as they related to each respective merger.

The final two questions asked each research participant to first describe how important they feel an employee's engagement and commitment are throughout three stages of merger (before, during and after) and then to relate personally to how they felt their engagement and commitment were at each of those three stages. Clearly, Case Study A employees felt more strongly about the need for employee engagement at each stage of merger, compared to those employees from Case Study B; identical responses were provided to describe personal levels of engagement and commitment. Overall, engagement was considered critical or important by most participants. Leaders can benefit from understanding the perspectives of all employees as they relate to the importance of engagement before, during and after merger. Depending on one's role in the process, their level of engagement and the related perceived importance of that engagement may vary significantly. For example, a CEO would need to engage in the early process of evaluating potential merger partners, determining the most appropriate analytical and due diligence process before even communicating to their employees the decision to proceed. In turn, another group of senior managers will need to focus their engagement on a different level of review and analysis to prepare the procedures and processes to take the merger to the next steps. Throughout this process, various levels of engagement will be critical.

From the perspective of my conceptual framework, it followed that the degree of organizational trust also influenced employee outcomes relative to both the impact on employees and the perceived importance of engagement. Credit Union A leaders were more cognizant of the impact of merger on their employees and this group similarly highlighted the importance of employee engagement at all levels of the merger process.

Merger Success or Failure

The conceptual model links the two employee outcomes, Impact on Employees and Importance of Engagement, to whether or not each Credit Union's merger was deemed either a success or failure. Based on data gathered from my interview process, both case studies were reasonably considered merger successes, with a favorable factor going to Case Study A Credit

Union where the antecedents of organizational trust clearly provided stronger support that led to heightened organizational trust and a more positive impact on employees. This shows that Case Study A Credit Union was clearly a more successful merger. Their employees placed a stronger emphasis and importance on employee engagement at various levels of the merger process. Ultimately, it was difficult to deem either merger to be an unsuccessful venture, as each resulted in the relatively efficient combination of assets and resources to form two stronger and more vibrant Credit Unions. Case Study A Credit Union leaders clearly focused on ensuring their employee teams were included in the merger process at earlier stages and they made concerted efforts to communicate with their employee teams in a timely and efficient manner. This resulted in far less role ambiguity or misunderstanding for this employee group, providing them with the tools and resources to embrace the heavy workload that was required to ensure a successful merger.

I also provided an opportunity for final comments, open dialogue and frank discussion. The ensuing employee feedback related to various components of my conceptual framework. Each research participant was first asked what they felt should have been done differently during their respective mergers. In response, Case Study A employees provided a higher degree of positive feedback, where fewer employees highlighted significant gap areas or deficiencies in the merger process. Case Study B participants expressed greater negativity and fewer supportive/constructive comments, which might suggest they were less on-board with the most effective form of transformational change that should accompany a successful merger process. Each employee was also asked to identify one or two lessons to be learned from their merger. While there was some expected repetition to support earlier themes, there was some additional relevant feedback, particularly from Credit Union A employees who categorized lessons learned into several areas: 1) project management; 2) communication; 3) human resource management; and 4) change management. Case Study B employees identified similar lessons learned but added one additional area: technology. There was clearly a greater need to address negative factors in Case Study B, when employees described their suggested “lessons learned” in a manner that suggested insufficient attention was paid to a number of deficient areas while responses from Case Study A employees were more constructive and positive in nature.

The third open question addressed organizational culture and responses favored Credit Union A, where employees felt their organizational culture was either strong or on the path to significant improvements, with no employees indicating a negative organizational culture, unlike Credit Union B. My discussions with research participants concerning their perceptions relative to the organizational cultures of their respective Credit Unions indicated some unique differences. Throughout the merger process, it was apparent the organizational culture in Credit Union A remained relatively constant, with little change. However, even though the merger of Case Study B Credit Union involved the combination of two similar ethnic groups, there appeared to be unique cultures within each. Some of the Case Study B Credit Union team had a strong following and allegiance to their former CEO, who was retiring post-merger. It seemed this connection influenced their perceptions of the merger with the other ethnic group. It also appeared to have created apprehensions from an organizational trust perspective.

The final open question asked if the research participants had any additional feedback to provide and most responses reiterated and emphasized earlier comments and subjective impressions. Although several suggestions were outlined to me, they were limited to a small number of employees who chose to respond to this final wrap-up question. Therefore, a contrast between Case Study Credit Unions to this final question is not considered relevant to the research study.

From a conceptual framework perspective, overall Credit Union A outperformed Credit Union B relative to the handling of psychological contracts and communications, which in turn supported an enhanced level of organizational trust, placing more significance on the impact on their employees and the importance of their engagement. While both mergers were considered reasonable successes, the differentiating factors favored the greater success rate and sustainability of the merger of Credit Union A.

Application to Professional Practice

The first section of this study identified the purpose. The problem studied relates to determining exactly what components of the employment relationship comprise significant influencing factors on merger success or failure, with the stated intention to develop those findings that will link the proposed organizational trust antecedents with the ultimate outcomes identified. Research findings proved to be very interesting and strongly supported the distinction between the two Case Study Credit Unions, with a distinct advantage going to Credit Union A, particularly with respect to that group's sense of inclusiveness, identification with their company, psychological contracts, communication and importance of engagement. While the areas of organizational justice and certain aspects of organizational trust did not necessarily show discernible differences, there were also numerous feedback comments that supported Credit Union A being the stronger Credit Union and far more oriented towards deeming their merger a success.

Canadian Credit Unions continue to go through a dynamic process of transformational change, reducing in operational complexity by enabling efficiencies via mergers. These efficiencies go far beyond financial and include administrative, human resource, marketing, accounting, compliance and business development aspects of the financial services industry. It is critical that progressive Credit Unions be positioned to recognize the need for their employee teams to solidly identify and support these merger activities because, without that support, there is a significant risk of decreased employee engagement that will result in merger failure. As the pace of transformational change gains momentum, more opportunities for creative collaboration present themselves. For example, several Credit Union entities who wish to retain a degree of autonomy and independence that will support a local brand and name, are merging under the name of a holding company and continuing, using their traditional name but now describing their organization as a division of that holding company. First West Credit Union in British Columbia is an example of a progressive group of Credit Unions who have used this model of collaboration to effect numerous successful mergers that are far more transparent to their member owners and employees.

Leveraging the internal human resources as support networks and effective champions for Credit Union mergers has never been more critical. This research study has effectively contrasted two Credit Union mergers that were both reasonably considered to be successful, with the edge clearly given to Credit Union A, who did a far better job in engaging their employee team and having that team efficiently embrace their new partnership. It took a great deal of hard work for that to happen and was spawned from a culture of respect and strong work ethics, evident in the themes of discussion during the research interviews. Credit Union A employees were not reticent to speak openly and honestly about their management structure and provide meaningful feedback to me concerning their perspectives and opinions. This group was also more open to bringing forward progressive input on how their companies might work more effectively towards instilling a sense of pride and shared accomplishment by recognizing and rewarding key integral employees.

Sharing the results of this research study, recognizing the need for privacy and confidentiality, within the Canadian Credit Union system, will provide a meaningful set of base point data that can be appropriately leveraged by those Credit Unions considering merger or currently in the beginning stages of merger. From a professional application perspective, it is incumbent on the researcher to identify those central Credit Union organizations who could in turn reach out to those impacted Credit Unions who would benefit from sharing of the perspectives and findings of this research study. It will be critical that the research participants remain anonymous and not be identified in any way, as promised to them at the outset of their participation.

Implications for Social Change

The literature review contained discussion regarding the significance of this study and focused on the meaningful relevance of empowering Credit Union employees at various stages in the merger process; the earlier the better. It also noted limited studies that sufficiently address organizational trust factors that are critical to buy-in and the ongoing employee support required to ensure mergers succeed.

The results of this study are significant because they focused on the primary antecedents of organizational trust and identified notable gaps, particularly as they relate to psychological contracts and communication. Research participants related their own experiences and how they identified with and aligned with the values of their employers, identifying a clear distinction between the two case studies contrasted. The group with the highest level of support from management fared much better in terms of a successful merger than the group who were less supported. This provides meaningful feedback that can be applied for future collaborative projects of this nature.

In this study, I determined there is a clearly identified advantage to ensuring effective employee engagement at all levels of merger but particularly at those junctures when the human resources of the organization are critical to either supporting or rejecting the collaboration initiatives. Each employee of an organization identifies with their employer through the tenets of their psychological contract and in turn, employers invariably have expectations of their employees that are grounded in the tenets of their expectations relative to a similar or different psychological contract. When both parties exercise the power to gain a greater understanding of those alignments or misalignments, they position themselves further along the road to collaboration success. Similarly, a clear and defined focus on effective communications at all levels of the merger process will invariably result in a higher level of engagement by employees and result in those employers more strongly embracing the project and identifying with the need for the merger to be successful.

This study will be made available to Credit Union Central of Canada, for review and use at its discretion. There have been several Credit Unions and related organizations who have expressed an initial interest in reviewing this research study.

Recommendations for Action and Further Study

The results of this study are very applicable for Canadian Credit Unions giving consideration to significant collaboration initiatives, particularly those leading to Credit Union mergers. With an increasing focus on effecting operational and financial efficiencies within the financial services industry, Credit Unions are increasingly called upon to leverage their structure to better compete with the chartered banks. By collaborating and merging, Credit Unions position themselves more competitively.

Placing a greater focus on employee engagement relative to Credit Union mergers would assist those organizations to determine significant factors that positively or negatively impact employee buy-in and acceptance. This study primarily focused on the importance of employee engagement at various stages of the merger process, without delving into the intricacies and various components that would clearly identify the extent to which employees feel passionate about their jobs. When employees do in fact feel passionate about their jobs, they will be committed to helping the organization succeed and they will feel proud about their company. This enhanced level of identification with the Credit Union would certainly be a significant predictor of merger success or failure, factors that were not studied in detail here but could be incorporated into further study.

With respect to recommendations for action, I envision sharing the results of this study, in summary format without identifying individual private information, with the CEO's of the respective Credit Unions. This would facilitate a process for those leaders to share that information they consider meaningful and relevant for the purposes of learning from their merger experience and better preparing for potential future partnerships. Additionally, I would recommend future studies allow expanded interview times, perhaps with a smaller subset of employees, to allow for additional time to delve deeper into the rationale and explanations for some of the responses and to provide a more extensive base of data to draw recommendations and conclusions from. A level of secondary follow-up interviews, based on a preliminary analysis of first interview data, may offer opportunities for additional gathering of specific and relevant data for a study of this nature. A baseline employee engagement survey instrument could be incorporated into the follow-up process with research participants and subsequently compared to progressive employee engagement survey processes, providing meaningful comparative data over time.

Reflections

The research study began with a desire to delve into those factors that make Credit Union mergers success stories, particularly as they relate to the level of support provided by Credit Union employees. Having spent several years in the human resource management side of this business, I noted the many occasions when transformational change as important as merger have resulted in the Human Resources Department only coming into the picture after the business transactions and significant financial decisions have been executed. This was whimsically referred to in an earlier section of this study as *mop up duties*, at which point the executive rely on that department to deal with the *messier* and invariably complex people problems. The premise of this perception was based on many years of witnessing organizations not focusing on their employees or working towards positively impacting engagement but rather focusing on those factors they considered more essential to merger success. Asking employees, through this research process, for their input relative to the antecedents of organizational trust, their understanding of the level of trust within their Credit Union and finally their perception of the importance of engagement has proven to be invaluable.

At the initial outset of the study, it was challenging to determine how best to differentiate, at an early stage, between Credit Unions that are seen to have experienced a successful merger and those that are seen to have experienced a not so successful or a marginally successful merger. Those factors used to estimate this early determination were nebulous at best. While they provided some reasonable metrics to define suitable case study participants, they did not identify the true picture; this occurred as the research study progressed. My unbiased suspicions at the outset of the research process proved somewhat accurate, based on those initial contacts and telephone discussions, supplemented in one case by a personal meeting with the CEO of one of the Case Study Credit Unions.

It is also meaningful to note the cultural distinction that was evident in the Credit Union whose membership and majority of employees were based on ethnic backgrounds. Its merger was the result of two similar ethnic Credit Unions merging into one. These groups clearly identified with each other in terms of their distinction from mainstream Canadian Credit Unions; in many cases with employees attributing some of their perceptions and merger activities to their distinct and unique culture.

Summary and Study Conclusion

There exist a myriad of factors involved in successful Credit Union merger initiatives and only some of those were studied at length in this research project. Three antecedents of organizational trust, namely psychological contracts, organizational justice and communication, were considered key components of a conceptual model that then measured degrees of organizational trust leading to the impact on employees and the perception of importance of employee engagement for either merger success or failure. It was definitively shown that two of those three antecedents, psychological contracts and communication, were critical ones.

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Appendix A

OUR CO-OPERATIVE PRINCIPLES

From the International Co-operative Alliance

Definition
A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values
Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles
The co-operative principles are guidelines by which co-operatives put their values into practice.

First Principle: Voluntary and Open Membership
Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Second Principle: Democratic Member Control
Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

Third Principle: Member Economic Participation
Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

Fourth Principle: Autonomy and Independence
Co-operatives are autonomous, self-help organisations controlled by their members. If they enter to agreements with other organisations, including governments, or raise capital from external

sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

Fifth Principle: Education, Training and Information
Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

Sixth Principle: Co-operation among Co-operatives
Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

Seventh Principle: Concern for Community
Co-operatives work for the sustainable development of their communities through policies approved by their members.

APPENDIX B

SAMPLE LETTER: INVITATION TO PARTICIPATE IN CASE STUDY RESEARCH

Chief Executive Officer
ABC Credit Union
Central and Western Canada

Subject: Doctoral Dissertation Research

Dear _________________:

I am writing to you today as a fellow Credit Union CEO but also in my role as a doctoral student with Athabasca University. I am conducting research to fulfill the requirements of the Doctorate in Business Administration (DBA) degree program and seeking your assistance.

My dissertation topic is “Credit Union Mergers: Psychological Contracts & Organizational Trust”. This will be a qualitative research study focused on two in-depth case studies of Canadian Credit Unions who have gone through a merger during the years 2010, 2011 or 2012. I am interested in working with two Credit Unions located in Central or Western Canada whose merger was the result of two Credit Unions each having a minimum managed asset size of $150 million and 50 employees prior to merger.

For the purposes of my research, I wish to contrast a Credit Union merger deemed to be a successful with one deemed to be marginally/less than successful. That distinction would be one I might ask you to give consideration to based on [but not necessarily limited to] the following criteria:

- Operational & Financial Efficiencies (for example change in profit and financial margins, efficiency ratios, asset quality, risk exposure, stability, productivity and surplus)
- Member Retention & Growth (positive or negative)
- Employee Culture (turnover, employee satisfaction)

As the CEO of your Credit Union, it is my belief you are no doubt the best individual to determine if your merger was in fact deemed to be either successful or marginally/less than successful. If you have an interest in my research, I propose conducting one-hour telephone interviews with a cross section of your employees (maximum 11) that would include you, your CFO, COO, two investment specialists, two lending specialists, two administrative support positions and two front-line member service representatives. I would be more than pleased to in fact provide you with a copy of my interview questions if you are interested in participating.

A critical component of my research study is to ensure total privacy and confidentiality of individual responses. A copy of my case study research findings, generally aggregated, would be shared with you and your employee team, should you wish to participate. The name of your Credit Union or the research participants will not be identified.

If you have an interest in participating in my research project, I would like to hear from you and I would be pleased to share additional information or answer any questions you may have. I may be contacted by e-mail (rvaillancourt@omista.com) or be telephone (506-858-5524). I look forward to hearing from you.

Yours co-operatively,

Richard A. Vaillancourt B. Comm, FCUIC, CHRP, MBA (IT)
Chief Executive Officer
OMISTA Credit Union
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APPENDIX C

SURVEY RESPONSES

TABLE C1

STAGES OF INVOLVEMENT IN CREDIT UNION MERGER PROCESS	RESEARCH PARTICIPANTS
• Pre-Merger Information Sessions, Updates & Discussion	A1, B1, B2(Limited), B9(Limited)
• Pre-Merger Planning & Due Diligence	A1, A2, A3, A9, B1, B2, B3, B4, B9, B10(Limited)
• Banking System Platform/Data Merge Planning	A1, A2, A3, A4, A8, A10, A11, B1, B3, B4, B7, B8, B11
• Post-Merger Information Sessions, Updates & Discussion	A1, A2, A4, A5, A6, A7, A8, A9, A10, A11, B1, B3, B4, B5, B10, B11
• Post-Merger Administration, Debriefing & Transition	A1, A2, A3, A4, A5, A6, A7, A8, A9, A10, A11, B1, B2, B3, B4, B5, B8, B10, B11

TABLE C2

CASE STUDY A EXPECTATIONS	CASE STUDY B EXPECTATIONS
• Expected more of a merger than an acquisition	• The smaller Credit Union needed a partner to support them. I expected a smooth merger
• Expected more; we let people down and I was disappointed in our leaders	• I expected authority and empowerment that follows principles; not to be questioned on decisions
• I didn't expect much	• Did not know what was expected of me
• I expected appreciation and got it	• Expected an opportunity to grow
• I wanted my opinions to be respected	• Expected support on a new system and expected job security
• I expected us to welcome the new team members	• I wanted to see more merger rationale and more detail
• I wanted to know what is going on; to have group meetings and to act on issues	• I expected to be paid fairly, received yearly bonuses and have good benefits
• I expected my hard work would pay off; that bigger meant better; that more resources would be available to us	• I expected written job security
• I had no clear expectations	• I expected to live by the sprit of what we promised
• I expected to work hard, with long hours away from family; I would give 100%	• I expected to successfully merge and would do everything to make that happen
• I expected growth opportunities going forward. I wanted to keep my job.	• I expected openness leading to merger but not sure what was agreed to

TABLE C3

CASE STUDY A RESPONSES	CASE STUDY B RESPONSES
• Did not reciprocate; more of an acquisition than a merger	• Did not reciprocate well; some "hiccups" and unreasonable expectations
• They tried to reciprocate	• Reciprocated effectively; lots of sensitive decisions
• Reciprocated effectively; love my job; love the people; have the best bosses	• Generally reciprocated; expressed needs more than once
• Reciprocated effectively; felt very appreciated and valued	• Not reciprocated by supervisor or financially; reciprocated by senior management
• Absolutely reciprocated; was well respected in the process	• Reciprocated effectively; senior team communicated expectations well
• Reciprocated effectively; treated well; always looking to improve	• Did not really reciprocate well; better communications and timelines needed
• Reciprocated in all ways	• Reciprocated well, except for salaries
• Reciprocated well	• Absolutely did not reciprocate
• Board did not reciprocate to CEO well	• Did not reciprocate; anxious and stressed
• Reciprocated well; went above and beyond; voiced opinions and heard	• Reciprocated effectively; employees publicly thanked; felt good
• Reciprocated effectively	• Reciprocated effectively (eventually)

TABLE C4:

CASE STUDY A BREACH OF PSYCHOLOGICAL CONTRACT?	CASE STUDY B BREACH OF PSYCHOLOGICAL CONTRACT?
• In some cases but not all. Concerns re technology not being progressive enough	• Do not believe there was any breach
• Some breach in terms of members and employees not being happy	• Breached; many operational, sensitive and political decisions made
• No breach	• Breached; many cultural distinctions; expected thanks and got none
• No breach	• No breach
• No breach	• No breach
• No breach; never felt let down	• Disagreement but never breach
• No breach; comfortable with all the information provided	• No breach
• Some breach; expected so much more as part of a bigger Credit Union with more resources	• Breached; compensation an issue
• Breach is questionable (no elaboration)	• No breach
• No breach; all met expectations	• No breach; mutual acceptance
• No breach	• No breach

TABLE C5:

CASE STUDY A RESPONSES	CASE STUDY B RESPONSES
• Perceive oneness; feel values and core beliefs are well aligned; strong CEO leadership	• Perceived oneness; do not always understand cultural distinctions
• Perceived oneness but need to rebuild trust; feel values and core beliefs are aligned	• Perceived oneness; identify with integrity, honesty and cooperative values; do not want to become a bank
• Perceived oneness; allowed to do what I am best at; work collaboratively; my experiences valued; core beliefs aligned	• No perceived oneness; Credit Union does not value accurate work or give it top priority; not aligned on values
• Perceived oneness; feel values and core beliefs are aligned	• Perceived oneness; understand CEO perspective; feel values and core beliefs are aligned
• Perceived oneness overall; some initial apprehensions of "takeover"; now one	• Perceived oneness; understand CEO perspective; feel values and core beliefs aligned
• Perceived oneness, values aligned; commitment to communities strong	• For most part, perceived oneness; not rewarding positive behaviors; sales culture not evolving quickly enough
• Perceived oneness for sure; strong CEO leadership	• Perceived oneness; feel values and core beliefs aligned; strong CEO leadership
• Perceived oneness; feel values and core beliefs are aligned	• Partly oneness but still a sense of separate entities
• Perceived oneness; business combination vs. merger of equals, almost like an acquisition	• Perceived oneness; feel values and core beliefs aligned; still employee and branch "cliques"
• Absolutely perceived oneness; valued as a trusted employee; do not want to become a bank; feel values and core beliefs aligned	• Perceived oneness; feel values and core beliefs aligned; strong support for Ukrainian culture
• Absolutely perceived oneness; new entity the ultimate Credit Union vision; feel values and core beliefs aligned	• Perceived oneness; feel values and core beliefs aligned; believe strongly in Credit Union philosophy

TABLE C6:

CASE STUDY A RESPONSES	CASE STUDY B RESPONSES
• Treated well; my experience was valued; asked what my "ideal job" would be; fair and reasonable	• Treated well [as part of senior team]; meaningful input opportunities; fair and reasonable
• Treated well [as part of the senior team]	• Treated well but no monetary incentive; good feedback; perceptions of merger success; fair and reasonable
• Treated well; no impact to my position; fair and reasonable	• Treated well, including monetarily; fair and reasonable
• Treated well; fair and reasonable	• Treated well and thanked but no monetary incentive; significant job change; fair and reasonable
• Treated well, with exception of vacation changes; otherwise fair and reasonable	• Treated well; expectations were not high; fair and reasonable
• Treated well; always help available; fair and reasonable	• Generally treated well; merger did not impact me; fair and reasonable
• Treated well; all questions answered; fair and reasonable	• Treated well; lots of respect shown; good attitudes; fair and reasonable
• Treated well; significant changes; fair and reasonable 50% of the time	• Not treated well; not fair and reasonable; reactive instead of proactive
• Treated well; transitioned to new processes well; business combination; fair and reasonable	• Treated well; fair and reasonable; strong Board support
• Definitely treated well; new entity very giving; no issues; fair and reasonable	• Treated well; fair and reasonable; did not have high expectations
• Treated well; needed increased training; fair and reasonable	• Treated well; fair and reasonable

TABLE C7:

CASE STUDY A RESPONSES	CASE STUDY B RESPONSES
• Voices were not equal, with more from the larger Credit Union side; treated respectfully; not a merger of equals	• Voices were equal and reasonable; treated respectfully; learned a lot
• Definitely had an equal and reasonable voice; employees respectful of one another; good level of trust pre-merger	• Voices were equal; treated respectfully; always felt input valued; never shunned for expressing views
• Voices were equal and reasonable; treated respectfully; not sure if enough information provided	• Voices were equal and reasonable [because of role]; treated respectfully
• Voices were equal and reasonable; treated respectfully; some operational problems	• Voices were equal and reasonable; treated respectfully; given lots of opportunity to provide input
• Voices were equal and reasonable; treated respectfully	• Voices were equal and reasonable; some tensions; treated respectfully
• Absolutely – voices equal and reasonable; treated respectfully; management up to CEO level are all good listeners	• Voices were not equal and reasonable; not asked opinions relative to merger; could have solicited more employee input
• Voices were equal and reasonable; treated respectfully; good relationship with management and always listened to	• Voices equal and reasonable; treated respectfully; excellent learning opportunities
• Voices were equal and reasonable most of the time; some division between merging Credit Unions, treated respectfully	• Voices not equal and reasonable; not listening to employee input; treated respectfully for the most part
• Voices were equal and reasonable; treated respectfully [also by Board]	• Voices were equal and reasonable; treated respectfully [also by Board]
• Voices were equal and reasonable; always treated respectfully	• Voices were equal and reasonable; treated respectfully; very systematic merger approach; members listened to
• Voices were equal and reasonable; treated respectfully	• Most voices were equal and reasonable; treated respectfully; still dealing with outstanding HR issues

TABLE C8:

CASE STUDY A RESPONSES			CASE STUDY B RESPONSES		
Reasonable & Necessary	**Consistent & Ethical**	**Fair & Respectful**	**Reasonable & Necessary**	**Consistent & Ethical**	**Fair & Respectful**
Yes	Some	Yes	Yes	Yes	Mostly
Yes (hesitant)	Yes	Yes	Yes	Yes	Yes
Yes	Yes	Yes	Mostly	Yes	Yes
Yes	Yes	Yes	Think So	Yes	Yes
Mostly	Yes	Yes	Yes	Mostly	Yes
Yes	Yes	Yes	Unsure	Yes	Yes
Yes	Yes	Yes	Unsure	Yes	Yes
Mostly	Yes	Mostly	No	Mostly	No
Mostly	Mostly	Mostly	Yes	Yes	Yes

Mostly	Yes	Yes	Yes	Yes	Yes
Yes	Yes	Mostly	Mostly	Yes	Yes

TABLE C9:

CASE STUDY A RESPONSES	CASE STUDY B RESPONSES
• Management had good intentions; members communicated with before staff; some erosion of trust	• Good communication (Boards, CEO's); some initial conflict but dealt with
• Overall good job; could have done more pre-merger surveys and involved more staff	• 80% effective; good communication process; needs more ownership and follow-up
• Effective; CEO and Board Chair at forefront of communications	• Ineffective communication; limited preparedness; resentment from some
• Good job but sometimes slow with updates; technology concerns	• Ineffective communication; gossip abounds; timing could improve; employees create their own truths
• Really well done; management sought employee input via surveys	• Better following merger; more structured communication now in place
• Good communication; always kept up to date; CEO in all communications	• Very general; would have liked more impact analysis and more meaningful communication
• Effective communication; knew exactly what was required	• Ineffective at first; merger happened too quickly
• Improved communication but dropped the ball at times; need everyone involved	• Effective communication but management did not listen to employee suggestions
• Well done; early communication was important; series of staff meetings	• Effective communication; opportunity for open discussions
• Overall OK but communications slow at times; could have better forums	• Open communications; always someone available for questions
• Larger Credit Union better with communication; important issued addressed	• Communication pretty good but room for improvement; messages not passed along to everyone

TABLE C10:

CASE STUDY A RESPONSES	CASE STUDY B RESPONSES
• Sensitive to employees in words but not always in actions	• Unsure; not always sensitive but job had to be done
• Sensitive to employees, particularly HR Manager and CEO	• Sensitive and cognizant of personal impact; felt secure in my job
• Sensitive and cognizant of personal impact	• Not aware of sensitivity
• Pretty impressed by level of sensitivity and value of employee input	• Not sensitive and cognizant of personal impact to me but were to others
• Sensitive and cognizant of personal impact	• Not sensitive and cognizant of personal impact; decisions made by Board and CEO without input from employees
• Sensitive and cognizant of personal impact; worried about employees from smaller Credit Union	• Not very sensitive and cognizant of personal impact
• Sensitive and cognizant of personal impact	• Sensitive and cognizant of personal impact
• To some extent sensitive and cognizant of personal impact	• Sensitive and cognizant of personal impact; CEO respected
• No opinion	• Very sensitive and cognizant of personal impact, perhaps too much so
• Sensitive and cognizant of personal impact; always some struggles	• Sensitive and cognizant of personal impact; some anxiety and nervousness
• Sensitive and cognizant of personal impact; worked to avoid “them vs us”	• Sensitive and cognizant of personal impact; kept employees in loop

TABLE C11:

CASE STUDY A RESPONSES	CASE STUDY B RESPONSES
• Recommend a better communications plan with someone in charge of that function; use Sharepoint or similar software	• Communicate in similar fashion; on whole went well, on broad level went OK
• Make daily communications more useful and meaningful; more pre-work and surveys	• Formalize communication process, share all written communications; hold more frequent meetings
• Have regular communication; would not do much differently	• Increase communication five-fold; make expectations clearly known
• Improve communications of critical technical challenges and problems	• Utilize more frequent shorter e-mail updates
• Communicate more effectively with members concerning merger	• Create a wish-list; involve employees more [at all levels]
• Communicate the same way; carry forward what we learned	• Communicate more effectively with members concerning merger
• Improve communications at ALL levels; brief notes/"tidbits", etc.	• Communicate in similar fashion
• Involve ALL employees in communications	• More frequent communication with all employees; overview merger impact with employees; more in writing
• Communicate expectations; build smart functionality; send daily updates	• Communicate in similar fashion
• Ensure right person to lead communications; prepare for the worst and hope for the best; ensure all departments on same page	• Communicate in similar fashion; ensure someone is always available as resource
• Communicate through one group meeting at outset	• Continued strong focus on communication critical

TABLE C12:

CASE STUDY A RESPONSES	CASE STUDY B RESPONSES
• Less trust in leadership after merger due to problems with IT Manager direction	• Always strong level of trust in leadership; no change
• 100% trust in CEO; 110% trust in senior management team; 8.5 of 10 trust level; no change	• Consistent level of trust in leadership; no change
• Everyone acted in the best interest of company; no change in trust of leadership	• Values sometimes not aligned [not significant]; alternate decisions could have been made; trust level fell during merger
• Management does good job; very fair; listen to employees; good HR practices; no change	• Good level of trust in leadership; no change
• Leadership of smaller merging partner discouraged; some power struggles; overall trust in leadership; no change	• Some mistrust/apprehension at time of merger; trust level has improved since merger
• Strong trust in leadership; leadership honest and willing to admit wrongs; no change	• Trust level in management lowered; maybe no related to merger
• Lots of trust in leadership; no change	• Strong level of trust in CEO and Board; like my boss; no change
• Trust in leadership improving since merger	• Some concerns re trust issues [full-time vs part-time status of employees]; ongoing concerns
• Trust in leadership; trust from Board; some erosion of trust around IT issues	• Trust in leadership; sincere interest for merger to be successful; IT issues; CEO trusted by Board and employees
• Leadership trusted [more or less]; some change due to communications	• 100% trust in leadership at all times; no change
• Average trust in leadership; strong admiration and trust in CEO; no change	• Believer in trust being earned; took 3-4 months for trust to build; now strong

TABLE C13:

CASE STUDY A RESPONSES	CASE STUDY B RESPONSES
• Uncertain if I was trusted; only there a month at time of merger; felt tenuous; feel valued when trusted	• Felt trusted; comfortable in abilities; trust is earned/proven; being trusted makes me feel good
• Definitely felt trusted by CEO; unspoken trust; good relationship; felt good	• Trust unchanged at all levels; roles clear; open communication
• Felt trusted; lots of mutual trust within senior management team; felt good	• To a degree, almost trusted too much; created apprehensions; good feeling; positive; confident
• Absolutely felt trusted; felt good	• Trusted at all levels; made me feel important and part of team
• Definitely felt trusted; felt good	• Former CEO trusted me; now new Manager trusts me; felt good; job fulfilment; want to go to work
• Trust essential at all stages; felt trusted; felt good; made me feel proud	• High level of trust at all stages; felt good
• Felt trusted; made me feel proud	• Former CEO trusted me; felt good; felt valued; believer in trust being earned
• Trusted 100%; with more trust come more opportunities; felt good	• Felt trusted by others at all stages; felt good
• I think I was trusted	• Trust not relevant; listen to senior management team; open relationships; always professional
• Trusted at all stages; good for ego; felt good; felt relevant	• Leadership trusted me at all levels; believer in trust being earned; made me feel important, needed and respected
• Felt there was always a good level of trust at all stages; felt good	• Felt trusted; felt good; former CEO ran "top-down" [negative]

TABLE C14:

CASE STUDY A RESPONSES	CASE STUDY B RESPONSES
• Generally yes; proven/earned trust is essential; organizational trust evolving over time	• Generally yes, but a qualified yes; running a very lean organization; for most part, overall trust is good
• Some erosion of organizational trust, based on survey data; pockets of trust	• Trust is earned; organizational trust has improved; still worry about some employees
• For the most part but slipped a bit; some apprehensions; moved from order-taking to sales culture; difficult to define	• Think there is organizational trust
• Overall strong; many loyal employees; company promotes from within; strong team spirit	• Better level of trust than before; less “your way vs our way”; employees from smaller Credit Union needed guidance
• Think there is organizational trust	• Good level of organizational trust
• Organization trust has improved	• Reasonable level of organizational trust; different cultures exist within one ethnic group
• Hard to answer; many long-service employees shows loyalty/trust; low turnover	• Good level of organizational trust; no information withheld from employees
• Good organizational trust	• Lack of trust in some parts of organization [our team especially]
• For the most part; employee engagement lowered from 86% to 64% [survey]; not as strong but evolving	• I think there is a good level of trust; bonds have grown between employees
• Still some angst; some ‘We vs Them”; trust is improving; still merger clean-up going on	• Strong level of organizational trust; mutual trust established; trust carried forward from before merger
• Organizational trust good now but not at merger time; always improving; “Creating Member Loyalty” program is helping	• Good level of organizational trust; need to prove it by doing what we say we will do

TABLE C15:

CASE STUDY A RESPONSES	CASE STUDY B RESPONSES
• Don’t know; need to hear views of CEO directly from him	• Feel interests are aligned
• Definitely feel interests are aligned	• Feel interests are aligned
• In favor of mergers because they make good business sense; Credit Unions have to first look at culture match, then business	• Yes, I believe in the Credit Union movement we are trying to create
• I believe so; CEO is all about numbers but cares about people too	• Interests are aligned; great opportunities exist for our Credit Union
• I think so; value CEO’s leadership; aligned with values concerning charities supported	• Hard to answer; overall interests seem to be aligned
• I think so; well aligned with the CEO’s values; proud of our Credit Union reputation	• Feel interests are aligned; focused on growth; need increased focus on wealth management
• For sure, for sure; Credit Union always has the best interests of the company in mind	• I believe our interests are aligned; they probably are; I hope they are
• Feel very aligned with management; feel we will truly become a great Credit Union	• Not in a position to answer; no idea what management is thinking
• Not as relevant [CEO]	• Not as relevant [CEO]
• Yes, based on most recent merger; sometimes don’t know what senior management thinking	• Have to trust senior management; have to believe due diligence done so interests are aligned
• I believe so; I want our Credit Union to grow and to see us increase member wallet share	• I think so; running lean; tight management team

TABLE C16:

CASE STUDY A RESPONSES	CASE STUDY B RESPONSES
• Personally and professionally, merger was fantastic; enriching; provided more career opportunities	• Personally impacted by having less home time; due diligence process extensive; personal investment of time
• Positive impact personally and professionally; good support of CEO	• No significant impact personally or professionally; spent a little more time at work
• No impact personally or professionally	• Significant personal impact [relationship, time, health]; no professional impact
• Only impact was personal: family time was impacted [reduced] due to merger	• Professionally, much busier now; made me grow as a person
• Only impact was relief	• At beginning, very stressful and mentally exhausting; no other impact
• No impact personally; professionally it offered me new challenges, which was good	• Positive impact personally and professionally; better office [windows]; closer drive home
• Personally and professionally, it made me look differently at things; never stressed, good team support throughout merger	• Minimal personal impact; professionally more opportunities available; allowed spouse to open business account
• Personally and professionally, offered more training opportunities and room for advancement	• No personal impact; professional impact regarding compensation [negative]; still job security concerns
• Personally impacted: tired from lots of work and long hours; no professional impact	• Limited professional and personal impact
• Met great people and heard great stories; positively impacted both personally and professionally	• No impact personally or professionally
• Personally and professionally, positive impact; some felt it was a "takeover" but I voiced differing opinion and was offended by that comment	• No impact personally or professionally

TABLE C17:

CASE STUDY A RESPONSES	CASE STUDY B RESPONSES
• Clear, consistent and concise communication; an empathizing voice; inclusion	• Critical to have employee buy-in; open communication with employees; be as honest as possible; no false promises
• Really the leadership; “trickle-down” effect will result with teams	• Honesty and transparency; letting employees know quickly; two-way communication; listening
• Recognize various stages of acceptance; employees need to understand and talk about merger to know what’s in it for them	• Recognize nobody likes change; must be sensitive to this
• Think about everyone: employees and Credit Union members; reasonable compensation	• Help employees feel OK about merger; eliminate “us vs them” through communications; ensure no thoughts of “takeover”
• Respect management and their struggles; ensure technology does not regress	• Communication; ensuring employees are not kept in dark
• Respect other’s views and reactions	• Focus should be on retaining best employees; best people in jobs is important
• Communicate effectively with all employees	• Address job security, pay, benefits; ensure good internal policies; positive work atmosphere
• Open communication; keep employees engaged throughout merger	• Communication; providing job guarantees/job security
• Recognize cultural differences; earn trust by doing what you say you are going to do	• Must have a positive work atmosphere to engage employees; communication; a desire to hear what employees have to say
• Be caring and considerate of employees; keep employee feelings in the forefront	• Staying calm; having patience; strong listening skills
• Recognize most employees do not like change; make merger as smooth as possible; understand what members are going through	• Look at gaps in HR skill set analyses; meet with employees prior to merger

TABLE C18:

CASE STUDY A RESPONSES	CASE STUDY B RESPONSES
• Effectively; in future, maybe use a merger consultant; need tight project plans	• Could have done better; could have communicated better; cannot have too much communication
• Need to have all managers engaged	• Done well
• Work in progress; not doing the wrong things is critical	• Done well; merger will be profitable and member-centric
• Good	• Some not-great communicators; important to pick right people to bring employees together; most succeeded
• Overall Good	• Some delays but otherwise OK; dealt with employee apprehensions effectively
• Done well	• Overall OK
• Done well	• Not bad; got to know the new people
• Great job in employee engagement; working on communication	• Not done very well
• Admittedly we dropped the ball; not afraid to say “we goofed”	• Lots more to do; need more meetings; some “elephants in closet”
• Tried our best; believe we did OK; treated employees with respect; still cleaning up	• 100% successful in my department
• Done well; used comment box to solicit feedback; issues being dealt with	• Overall good but some early challenges

TABLE C19:

CASE STUDY A IMPORTANCE OF EMPLOYEE ENGAGEMENT			CASE STUDY B IMPORTANCE OF EMPLOYEE ENGAGEMENT		
BEFORE	**DURING**	**AFTER**	**BEFORE**	**DURING**	**AFTER**
Critical	Critical	Critical	Important	Important	Important
Critical	Critical	Critical	Important	Important	Important
Important	Important	Important	Critical	Given	Given
Critical	Critical	Critical	Important	Important	Important
Critical	Essential	Critical	Important	Important	Important
Important	Important	Critical	Heightened	Heightened	Less Important
Important	Critical	Critical	Important	Important	Important
Critical	Important	Important	Important	Important	Important
Important	Important	Important	Critical	Critical	Critical
Important	Important	Important	Important	Important	Important
Less Critical	Critical	Important	Less Critical	Critical	Critical

TABLE C20:

CASE STUDY A **IMPORTANCE OF <u>YOUR</u> PERSONAL ENGAGEMENT**			**CASE STUDY B** **IMPORTANCE OF <u>YOUR</u> PERSONAL ENGAGEMENT**		
BEFORE	**DURING**	**AFTER**	**BEFORE**	**DURING**	**AFTER**
Critical	Critical	Critical	Important	Important	Important
Critical	Critical	Critical	Important	Important	Important
Important	Important	Important	Critical	Given	Given
Critical	Critical	Critical	Important	Important	Important
Critical	Essential	Critical	Important	Important	Important
Important	Important	Critical	Heightened	Heightened	Less Important
Important	Critical	Critical	Important	Important	Important
Critical	Important	Important	Important	Important	Important
Important	Important	Important	Critical	Critical	Critical
Important	Important	Important	Important	Important	Important
Less Critical	Critical	Important	Less Critical	Critical	Critical

TABLE C21:

CASE STUDY A RESPONSES	CASE STUDY B RESPONSES
• Stronger focus on continuous communication at all stages of merger	• Always room to improve the communication process
• Nothing to add	• Nothing to add
• Making changes quicker [CFO/financial perspective]	• Improve the communications process
• Need to better anticipate and plan project timelines, recognizing that is hard to do	• One of the merger team members created negativity; pick different people next time
• Improve communications at all stages of merger	• Need more communications with our members; make the merger process easier for members
• Provide more communication at all stages of merger	• Improve communications at a personal level; deal with the softer issues; employees need staffing support and training
• Would not do things much differently	• Need to address compensation issues; part-time vs full-time status questionable
• Let everyone know about system changes and the impact of different technologies	• Need to deal more effectively with impacted employees; did not delve into some areas effectively
• Should have surveyed employees more	• Would not keep Manager of smaller Credit Union for so long; however it provided some reassurance to team
• Picking the right people to serve on merger project teams is key; need to keep everyone happy through merger process	• Nothing to add
• Should have mailed out debit cards earlier and should have kept Interac E-Transfers	• Managers need to spend more time with employees during merger

TABLE C22:

CASE STUDY A RESPONSES	CASE STUDY B RESPONSES
• Require stronger project manager during due diligence phase	• Need to focus on impact of technology changes; lots of preparation required
• Need to prepare for big change; do a “temperature check” with team at various stages of merger	• Nothing to add
• Nothing to add	• Need to improve communications
• Need to focus on being a cohesive team; need to value our service skills	• Pay more attention to detail; try not to let anything slide; act quickly on problems
• Employees need to know and understand why things are done a certain way	• Nothing to add
• Need to prepare employees for things that could go wrong; ensure good communication at all stages of merger	• Need to focus on communications at a personal level; deal with softer HR issues such as staffing and training
• Need regular investment statements [previous Credit Union]; ask employees more for their opinions	• Nothing to add
• More consultation with employees; trust needs to be earned	• More due diligence required
• Nothing to add	• Always room for improvement; don’t live for compliance
• Ensure right people are in right jobs; learn from one another	• Prior to actual merger, be well rested and very prepared
• Nothing to add	• Spend more time with employees during merger

TABLE C23:

CASE STUDY A RESPONSES	CASE STUDY B RESPONSES
• Organizational culture is "on the mend"; engagement rankings decreased; further training on service strategies needed	• Culture of being acquired has to change; moved from a slower pace before, with lower expectations; now higher transaction volumes
• Overall strong but some apprehensions related to trust issues	• Culture has remained very sales and business development oriented
• Employees have a tendency to sometimes be negative; still some "us vs them" attitude; seen some degradation in culture	• There is no organizational culture; not organically grown; employees operate too much on their own
• Good feeling of camaraderie now; seeking unity in all branches	• Organizational culture unchanged; now have benefit of larger organization
• Overall very strong and healthy organizational culture	• Organizational culture is strong; same values and goals in place; bigger means better for members
• Coming along and improving; fun is coming back into work	• Not much change; close cohesive structure in place
• Working towards improvement; bringing together all the employee teams	• We are a family; I like it that way; everyone steps in and helps
• Relationships are strengthening; all going in the same direction now	• Worked as a team prior to merger; erosion of trust has reduced culture
• Strong focus on values	• Overall morale is good; organization changing to respond to company needs in managing margins and liquidity
• Still a little bit of "we vs them"; employees need to comply and accept changes	• Don't feel anything changed; both Credit Unions active in communities
• Organizational culture positive now; everyone embraced change well; have to look forward and not backward	• Organizational culture not completely integrated yet; new manager not yet fully supported

TABLE C24:

CASE STUDY A RESPONSES	CASE STUDY B RESPONSES
• Great things happening; we are on the precipice of greatness; banking system needs to change	• Have the expectation that you need to work hard to get recognized
• Nothing further to add	• Nothing further to add
• Include employees in merger as much as possible; not all employees know one another well	• Nothing further to add
• Nothing further to add	• Nothing further to add
• We are positive; looking forward to our future	• Nothing further to add
• Learned a lot from each other; that made us both better	• Nothing further to add
• Mergers are not easy	• Nothing further to add
• Nothing further to add	• Nothing further to add
• Important to focus on our values and a good merger process	• Nothing further to add
• Consider job security commitments more closely; eliminate product changes at time of merger; more focus on data system changes needed	• Ensure cultures are aligned
• Nothing further to add	• Nothing further to add

APPENDIX D

ELECTRONIC COMMUNICATION TO SURVEY PARTICIPANTS

Good Morning __________:

I just wanted to send you a quick note to thank you so much for agreeing to participate in my research study related to "Credit Union Mergers: Psychological Contracts & Organizational Trust". I will contact you early in January to arrange a suitable time for a one hour telephone interview. I am very confident your input will be so valuable for my dissertation!

Happy Holidays!

Rick

Richard Vaillancourt B. Comm, FCUIC, CHRP, MBA (IT)
Chief Executive Officer
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APPENDIX E

INTERVIEW CONSENT FORM

Interview Consent Form - Research interview being conducted by Richard Vaillancourt as a doctoral candidate with Athabasca University.

I, __________________(participant's name), understand that I am being asked to participate in an interview that forms part of Richard Vaillancourt's required research in the above-noted Athabasca University Doctoral in Business Administration program. It is my understanding that this interview will cover the following subject: Critical Success Factors related to Credit Union Mergers, specifically as they relate to Organizational Trust and Psychological Contracts.

I have been given some general information about this project and the types of questions I can expect to answer. I understand that the interview will be conducted at a place and time that is convenient to me, and that it will take approximately 60 minutes of my time. I understand that my participation in this project is completely voluntary and that I am free to decline to participate, without consequence, at any time prior to or at any point during the interview. I understand that, with my permission, this interview may be audio recorded and that any information I provide during the interview will be kept confidential, used only for the purposes of completing this research, and will not be used in any way that can identify me. I understand that my name has been provided by my CEO, who has provided his agreement that all information provided as part of this academic interview is to remain strictly confidential and will not be shared with any third party, including my supervisor or my CEO. All interview notes, tapes, or electronic records will be kept in a secured environment. All data will be destroyed by August 31, 2018. I will be provided with a copy of the summary of research findings at my request.

I understand that the results from this interview will be used exclusively in this student's Athabasca University research and that the information I provide might be published, in any form, in any journals or conference proceedings but without being associated with my name, directly or indirectly.

I also understand that there are no risks involved in participating in this activity, beyond those risks experienced in everyday life.

I have read the information above. By signing below and returning this form, I am consenting to participate in this project via a telephone interview as designed by this Athabasca University student.

Participant name (please print):
Signature:
Date:

Please keep a copy of this consent form for your records.

If you have other questions concerning your participation in this project, please contact me at:

Student name:	Richard Vaillancourt
Telephone number:	506-858-5524
Email address:	rvaillancourt@omista.com

or my **Athabasca University Research Co-Supervisors** at:

Dr. Rocky Dwyer, FCMA, CMA

E-Mail: Rocky_Dwyer@mba.athabascau.ca

Telephone number: 613-830-8442

Dr. Helen Lam

E-Mail: Helen.Lam@mba.athabascau.ca

Telephone number: 780-418-7567

or the **Athabasca University DBA Program Director** at:

Coordinator name:	Kay Devine
Telephone number:	780-418-7534
Email address:	kayd@athabascau.ca

This study has been reviewed by **the Athabasca University Research Ethics Boar**d. Should you have any comments or concerns regarding your treatment as a participant in this study, please contact the Office of Research Ethics at 780-675-6718 or by e-mail to rebsec@athabascau.ca

Thank you for agreeing to participate in my project.

Richard Vaillancourt

REB APPROVAL MEMORANDUM

From: Mihail Cocosila/AUFB@AUFB

To: Richard Vaillancourt/CIM/CA@CIM

Cc: Rocky Dwyer/CIM/CA@CIM, janiceg@athabascau.ca, simonn@athabascau.ca, Helen Lam/AUFB@AUFB

Date: 12/12/2012 02:27 AM

Subject: Fw: Ethics Proposal # FB-12-14V, APPROVAL With Revisions, Nov 24, 2012

Dear Richard,

Thank you for making the changes suggested by the Faculty of Business research ethics committee. The application looks OK now.

Best of luck with your research project,

Mihail Cocosila, PhD

Associate Professor
Faculty of Business
Athabasca University
mihailc@athabascau.ca

****

-----Forwarded by Mihail Cocosila/AUFB on 12/11/2012 11:23PM -----
To: Mihail Cocosila/AUFB@AUFB
From: Richard Vaillancourt/CIM/CA
Date: 12/11/2012 09:55AM
Cc: Rocky Dwyer/CIM/CA@CIM
Subject: Ethics Proposal # FB-12-14V, APPROVAL With Revisions, Nov 24, 2012

Good Morning Dr. Cocosila:
Please find attached my revised Ethics Proposal, for your review and approval. Dr. Dwyer has reviewed my revisions and recommended they be submitted to you. I have highlighted all additions/revisions in the first document and also enclosed a second copy with those highlighted areas removed.
Thank You!

Richard Vaillancourt