

Employees' commitment in post-merger integration processes :

Antecedents and effects of multiple identifications

Mergers and acquisitions strategies are often used by organizations to grow, reduce costs or absorb new capabilities. However, it is well known that subsequent outcomes are very uncertain : more than half of the mergers fail to reach their objectives (Cartwright & Copper, 1995). Since the mid-80's, some scholars have developed a stream of research presenting the post-merger integration process as a critical phase in the performance of the merger (Haspeslagh & Jemison, 1991; Jemison & Sitkin, 1986; Larsson & Finkelstein, 1999; Shrivastava, 1986).

Focusing on the process of integration, several researches have analyzed the effects of M&As on the personnel involved (Hogan & Overmyer-Day, 1994; Marks & Mirvis, 1986). This literature shows that M&A can cause a drop in psychological attachment, identification and commitment with the organization (Schweiger & Walsh, 1990; Van Knippenberg, Van Knippenberg, Monden, & De Lima, 2002). Based on Social Identity Theory (Albert & Whetten, 1985; Ashforth & Mael, 1989; Pratt, 1998) and Social Categorization Theory (Hogg & Terry, 2001; Tajfel & Turner, 1979; Tajfel & Turner, 1986), this research seeks to contribute to a better understanding of identity transitions following a merger and the subsequent commitment.

Social Identity Theory and Social Categorization Theory provide useful lenses to understand identity threats as perceived by employees and their effect on commitment. Some research conclude that, in order to reduce perceived identity threats and enhance commitment, managers in M&A should eliminate pre-merger identities and foster a fast attachment to the new merged firm (Haunschild, Moreland, & Murrell, 1994). Other studies consider that allowing employees to have multiple foci of identification (pre and post merger identities) is a way to maintain a sense of continuity for employees (Rousseau, 1998; Van Knippenberg et al., 2002; Van Leeuwen & Van Knippenberg, 2001) and to reduce the perceived uncertainty associated to the merger (Bartels, Douwes, De Jong, & Pruyn, 2006). In brief, individuals mobilizing multiple identifications would be able to adapt to complex and changing situations (Ashforth & Johnson, 2001).

Based on strategic management and social psychology arguments, this dissertation examines the antecedents and consequences of multiple identifications on employees' willingness to commit and cooperate in post-merger integration processes.

Methodology. The literature on the M&As acknowledges the psycho-sociological effects of such operation on the individuals, but field access is often limited and publications on individual's reactions to post-merger integration are mostly based on laboratory experimentation with groups of students representing the employees of two merging firms (Rentsch and Schneider, 1991; Haunschild, Moreland and Murrell, 1994). This longitudinal research exploits a rich empirical data gathered real time and directly at Air France and KLM, two merging airline companies that started their integration in May 2004. The study started immediately after the announcement of the merger and offers an insight of individuals' first reactions and their evolution over time. The methodology is both qualitative and quantitative, combining in-depth statistical analyses of 3629 questionnaires with more than 100 recorded interviews so far.

Hypotheses. The literature review lead us to develop two series of hypotheses corresponding to two empirical chapters of the dissertation. One chapter deals with the antecedents of employees' identification to the post-merger identity. The second empirical chapter analyses the consequences of multiple identifications on employees' willingness to cooperate.

Antecedents of post-merger identification. Social Identity Theory (SIT) theorists have published a lot of research on defining and testing the antecedents of identification (for a review see Dutton, Dukerich and Harquail, 1994), but those antecedents can apply to any organizational context (change or stability). In our research on multiple identifications following a merger, we decided to focus on antecedents that are particularly relevant in the context of a post-merger integration process. As we said before, a merger can be seen as a threat to employees' current identities. From this perspective, we chose to analyze five antecedents that could influence the level of employees' identification to the post-merger identity. Those antecedents are presented in the hypothesis below.

H1 : The level of an employee's identification to the pre-merger identity influence positively the level of identification with the post-merger identity.

H2 : Employees belonging to the company perceived as dominant will identify more strongly with the post-merger identity.

H3 : The perception of opportunity influence positively the level of identification with the post merger identity.

H4 : The perception of continuity influences positively the level of identification with the post-merger identity

H5 : The intensity of interaction between employees of both firms influence positively the level of identification with the post-merger identity.

These hypotheses were tested using OLS regression analyses. The model with the antecedents explains a good proportion of variance (Adjusted $R^2 = 0.42$, $p < 0.001$, $N = 3629$). Controlling for age, gender, work-year and hierarchical level, hypotheses 1, 2, 3 and 5 are confirmed, while the hypothesis 4 is rejected.

Variables	Model 1	Model 2
<i>Constant</i>	2.620	- 0.035
<i>Control Variables</i>		
Age	0.043	0.025
Work-year	0.084**	0.033
Gender	- 0.068**	- 0.064***
Hierarchical Level	0.016	0.026
<i>Independent Variables</i>		
Pre-merger identification		0.568***
Company		0.042*
Perception of opportunity		0.190***
Perception of continuity		- 0.023
No interaction (D 1)		0.026
Weak Interaction Intensity (D 2)		0.024
Strong Interaction Intensity (D 3)		0.042*
R ² (adjusted)	0.020	0.421

p values (two-tailed) : ⁺ $p < 0, 10$; * $p < 0,050$; ** $p < 0,010$; *** $p < 0,001$
 Dependent variable : Level of post-merger identification

Consequences of multiple identifications. In this chapter, we consider that an employee has multiple identifications when he/she is able to display either the pre-merger identity or the post-merger identity depending on the salience of each identity in the context. We argue that in symbiotic merger, where autonomy and interdependence between the companies are high (Haspeslagh et al., 1991), employees having multiple identification will be more willing to cooperate.

H1 : The level of pre-merger identification has a positive influence on employee's willingness to cooperate

H2 : The level of post-merger identification has a positive influence on employee's willingness to cooperate

H3 : The positive relationship between post-merger identification and willingness to cooperate is stronger when the employee's level of pre-merger identification is also high.

Controlling for age, gender, work-year and hierarchical level, hypotheses 1, 2 and 3 are confirmed.

Variables	Modèle 1	Modèle 2	Modèle 3
<i>Constant</i>	4.038	3.208	3.186
<i>Control Variables</i>			
Age	0.024	0.016	0.014
Work Year	- 0.014	- 0.051 ⁺	-0.053 ⁺
Gender	- 0.020	0.002	0.002
Hierarchical Level	0.022	0.023	0.025
Company	0.076***	0.037	0.032
<i>Independant Variables</i>			
Identification to the pre-merger identity		0.144***	0.172***
Identification to the post-merger identity		0.226***	0.200***
<i>Interaction Effects</i>			
Pre-merger Identification x Post-merger Identification			0.0768**
R ² (adjusted)	0.004	0.111	0.115

p values (two-tailed) : ⁺ p < 0, 10 ; * p<0,050 ; ** p< 0,010 ; *** p< 0,001
 Dependent variable : Willingness to cooperate

In brief, employees' willingness to cooperate will be stronger for employees having multiple identifications, i.e. employees identified to the pre-merger identity and the post-merger identity than for the employees identified to the pre-merger identity or the post-merger identity.

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