



# Merger Integration Patterns, Status of Pre-Merger Organizations, Stress, and Employee Health Post-Combination

Eleni Makri

Alexandra Hantzi, Panteion University of Social and Political Sciences, Athens  
Alexander-Stamatios Antoniou, University of Athens

## Abstract

*Within M&As, the present study was based on the social identity approach (SIA) and stress theory implications to propose a comprehensive model of the effects of intergroup- (i.e., status of pre-merger organizations, merger integration pattern) and individual-level parameters (work stress) on workers' physical and psychological health post-combination. Data were collected from 140 Greek employees at two merged organizations. Path analysis indicated that high status of pre-merger organizations was related to reduced stress and better physical and psychological health. Absorb as opposed to transformation pattern was linked to increased stress and worse physical and psychological health post-merger, while post-merger stress mediated the relationship between intergroup-level variables and physical and psychological health. Current findings are discussed under theoretical developments and practical implications for organizational change.*

Key Words: merger pattern, pre-merger organizational status, post-merger-stress-and-health.

## 1. Introduction

M&As are not alike with no single approach fitting all, suggested to be associated with “attitudinal and behavioral” (Covin, Sighler, Kolenko & Tudor, 1996 p. 127) dysfunctional employee outcomes such as, for example, uncertainty, job insecurity and subsequent stress (e.g. Cartwright, Tytherleigh & Robertson, 2007) which lead to worse health outcomes (e.g. Buono & Bodwitch, 1989; Fried et al., 1996).

Since previously distinct corporate partners are re-categorized into the new merged organization (Terry & O'Brien, 2001; van Dick et al., 2006), the Social Identity framework has been used to explain employees' responses (c.f. Bartels et al., 2006 p. S50) with pre-merger status of corporate partners and merger integration pattern being two important variables differentiating and predicting positive work attitudes and behaviors (e.g., satisfaction with the merger; Fischer, Greitemeyer, Omay & May, 2007). However, the majority of this research merits pre-merger status as the single focus of attention, except for two experimental studies where the effects of both pre-merger status and merger integration pattern on employees' responses towards merger were examined (e.g., Giessner et al., 2006; Mottola et al., 1997).

To the best of our knowledge, there has been no research linking intergroup variables and especially merger integration patterns with employees' health, although there is evidence that these intergroup variables, along with individual level ones affect turnover intentions (Makri & Hantzi, 2012). Therefore, this study focuses on the assessment of the effects of these variables on employees' physical and psychological health post-merger and attempts to add to the existed literature by: a) jointly investigating the effects of *both* intergroup-level variables (i.e., status of the pre-merger organizations and merger integration pattern) on workers' health, b) empirically assessing the contribution of these variables to the prediction of post-combination physical and psychological health (i.e., adjustment) in actual merger and c) identifying that post-combination stress mediates the relationship between pre-merger status and merger integration pattern and physical and psychological health post-merger. The proposed model is elaborated below by a) explaining the intergroup-level variables used within the social identity scope to M&As and b) presenting merger-related evidence on the effects of these variables on work stress and on their impact on physical and psychological health.

## **2. Theoretical background and proposed model**

### *2.1. Status differences and merger patterns within M&As*

M&As are often followed by status differences between merging organizations; one partner is usually more economically successful or of greater size (c.f. Fischer et al., 2007 p. 204), while even before merger, members of corporate partners anticipate one of them to be the dominant organization (Dackert et al., 2003, p. 705). Within Social Identity Approach (SIA), relationships between groups are normally assessed in terms of group status rather than organizational dominance or power (cf. Gleibs, Mummendey & Noack, 2008 p. 1097) with high-status groups likely to be more dominant (see van Knippenberg et al., 2002). Status differences between merger partners are mainly based on comparison dimensions before merger (Giessner et al., 2006; Gleibs, Noack, & Mummendey, 2009), for example, differential economic success and size of the organizations involved (Fischer et al., 2007; Giessner et al., 2006).

Organizational dominance represents power relations within the merged organization, i.e. the ways merger partners use to integrate their cultures (Giessner et al., 2006; Mottola et al., 1997). The corporate partner defining (as the dominant one) the merged organization's scope, is usually the high status pre-merger partner (Gleibs, Mummendey, & Noack, 2008), but status and dominance may not always be related (van Knippenberg et al., 2002).

According to Marks & Mirvis (1998; 2001), the amount of change (high/low) the acquired/dominant and acquiring/dominating partners face in their culture, reflects five different outcomes of cultural integration post-combination. *Absorption* involves a complete assimilation of the acquired/dominated partner's culture into that of the acquiring/dominating one (i.e., high cultural change in acquired and low in acquiring) and compliance with its rules and practice

(Marks & Mirvis, 1998). *Transformation* denotes a reality of new operations - structure, culture and identity transformed (Marks & Mirvis, 1998). *Best of both* represents a true cultural integration retaining features from both corporate partners. In *Reverse* merger (unusual cases reflecting approximately 8% of mergers, Schweiger & Weber, 1989), the acquiring/dominant partner's culture is fully assimilated into that of the acquired/dominated one. Finally, *Preservation* allows the acquired/dominated partner cultural independence and autonomous status by maintaining its own practices.

## 2.2. *The Social Identity framework to M&As: An intergroup perspective*

The Social Identity Theory principles (SIT; Tajfel & Turner, 1979) have been recently used to stress intergroup differences in M&As (e.g. Gleibs, Noack & Mummendey, 2008; Fischer et al., 2007), where employees' organizational identity change requires a shift from their pre- to the post-merger identity (Gleibs, Noack & Mummendey, 2009) and affects their *sense of continuity* (Rousseau, 1998) (relationship between pre- and post-merger identities) that has been found to foster employees' identification/psychological affiliation with the new merged organization (Bartels et al., 2006).

Employees of the dominant pre-merger partner are accompanied by a stronger sense of continuity and strengthen their organizational identity and attachment with the merged organization (Amiot et al., 2006; van Knippenberg et al., 2002). Conversely, their counterparts of the subordinate pre-merger partner are more likely to sense discontinuity and threat for their organizational identity and respond unfavorably towards merger (Fischer et al., 2007; Guerrero, 2008). Indeed, evidence indicates that employees of the low-status pre-merger organizations demonstrate more negative responses, experience higher threat, lower post-merger identification and poorer adjustment to merger (e.g. Terry, 2003) in relation to those of the high-status pre-merger organizations (e.g. Terry & Callan, 1998; Terry & O'Brien, 2001).

Amiot, Terry & Callan (2007) found that employees of the low-status pre-merger organizations perceived the merger to be less fair and exhibited poorer adjustment over time in terms of job satisfaction (e.g. Amiot et al., 2007 p. 557); in addition, in the *assimilation* pattern, employees of the low-status pre-merger organization exhibited poorer adjustment to the merger over time in comparison to those of the high-status pre-merger organization; as the researchers suggest, the fact that the low-status pre-merger organization employees were *assimilated* by the high-status ones post-merger, might made them feel they have limited resources and benefits in the merged organization, as the latter seemed to be a spitting image of the pre-merger one (Amiot et al., 2007). However, other findings differ to the above, in that employees of the high-status pre-merger organizations show more negative responses in relation to the low-status ones (e.g. Terry, Callan, & Sartori, 1996) and higher post-merger identification when they feel that their ingroup is strongly represented in the post-merger organization (e.g. Boen et al., 2007).

## 2.3. *Status, Merger Patterns, Stress, Physical Health and Psychological Well-being within M&As*

Evidence of the effects of pre-merger status on work stress, seems to be rather inconsistent. In accordance with SIA principles and previous results, members of the *low-status pre-merger* organizations perceive the merger as more threatening (e.g. Terry & Callan, 1998), less fair (e.g. Giessner et al., 2006; Terry & O'Brien, 2001) and exhibit more negative responses in comparison to their high-status counterparts, demonstrating higher post-merger stress (e.g. Cartwright & Cooper, 1993), lower job satisfaction (e.g., Callan et al., 2007) and less favourable

attitudes towards the merger (Buono, Bodwitch, & Lewis, 1985; Covin et al., 1996). Moreover, members of the *smaller pre-merger partner* experiencing a greater amount of negative changes imposed on them in terms, for example, status loss, autonomy at work, job control, etc. in relation to the ones from the larger pre-merger partner, are likely to exhibit heightened post-merger stress and poorer physical and psychological health (Cartwright, Tytherleigh, & Robertson, 2007; e.g. Ullrich, Tissington, & Greitemeyer, 2005).

However, research findings in light of SIA results, show that sometimes this is not the case, as perceptions of gaining access to resources and benefits of a higher status post-merger organization may affect them to feel less stressed and thereby, experience better physical and psychological health (e.g. Panchal & Cartwright, 2001; Terry, Carey, & Callan, 2001). In addition, when employees perceive the merger as a fair and legitimate process, they are likely to experience lower post-merger anxiety, uncertainty and stress (e.g. Schweiger & Denisi, 1991).

Terry et al. (1996; 2001) in their first study report reduced stress and increased psychological well-being for employees of the dominated/low status pre-merger partner while in their second study, pre-merger group status had no effect on employees' emotional well-being. Amiot et al. (2007) show that employees of the low status pre-merger organization exhibited poorer adjustment over time (i.e., merger was perceived as more stressful over time) as opposed to those of the high status pre-merger partner. They claim that the initial favourable reactions of the employees of the low status pre-merger partner might be maintained and prolonged over time, when they feel they are provided with improved resources and benefits as merger unfolds.

Although evidence regarding the effects of pre-merger status on stress seems rather conflicting, on theoretical grounds we hypothesized that employees of the high status pre-merger organization would show lower post-merger stress in comparison with employees of the low status pre-merger organization and thereby, poorer physical and psychological health post-merger. On the whole, there seems to be no definite evidence regarding the effects of merger integration pattern on job stress. As some evidence indicates increased stress for employees of the dominated pre-merger partner in absorb pattern and greater insecurity experienced in hostile as opposed to a friendly acquisition (Cartwright & Cooper, 1993; Guerrero, 2008), we can expect that perceived loss of job control (Karasek, 1979; Karasek & Theorell, 1990) and feelings of job insecurity would be more evident in the absorb than the transformation pattern, resulting in higher post-merger stress.

Merger integration patterns may influence how employees react to change (Amiot et al., 2006). Hence, in terms of merger patterns typology, as in *absorb*, the acquiring/dominant partner is usually seeking to assimilate the acquired/dominated one and impose its own pre-merger identity to the post-merger one (i.e. identity) (e.g. van Knippenberg et al., 2002). As such, there seems to be an elevated danger of threat for the survival of the low-status pre-merger organization identity within the new merged organization and sense of continuity (van Knippenberg et al., 2002). This might particularly explain that employees of the low-status pre-merger organization seem to be more "sensitive" in the ways the deal/ merger is implemented (cf. Amiot et al., 2007 p. 559). It is expected, therefore, that employees will experience increased post-merger stress and subsequently deteriorated physical and psychological health; in *transformation*, where both pre-merger partners experience cultural change in post-merger conditions, it is more likely for both merger partners to keep elements of their pre-merger identity and thus, demonstrate lower post-merger stress and subsequently better physical and psychological health following merger.

It is hypothesized, thus, that pre-merger status (high vs low) would have a negative effect on post-merger stress, i.e. employees of the *high* status pre-merger organization would

show *lower* post-merger *stress* in comparison with employees of the low status pre-merger organization (*hypothesis 1a*) and therefore, *higher* levels of physical and psychological *health* (*hypothesis 1b*). In addition, merger pattern (absorb vs transformation) would have a similar effect, i.e. employees in *transformation* would show *lower* post-merger *stress* (*hypothesis 2a*) and therefore, *higher* levels of physical and psychological *health* (*hypothesis 2b*) in relation to the *absorb*.

### 3. Organizational Context

The survey took place in two merged Organizations (A and B) in Greece<sup>1</sup>. High/Low pre-merger organizational status was evaluated by economic dimensions (i.e., market share, total assets, total economic value) and organizational size before merger, as employed in Giessner et al. (2006). A case study conducted formed the basis on which absorb/transformation merger pattern was assessed by parameters similar to those used in Giessner et al. (2006) and Mottola et al. (1997) (i.e., name and logos of the post-combination organization, head offices center operations, organizational procedure, executive and top management synthesis).

*Organization A* comprised two pre-merger corporate organizations (1 and 2). Pre-merger organization 1 was the high status “dominant” featuring private sector orientation, higher market share (16-17%), economic value in terms of total assets and larger size based on number of offices and employees occupied. Pre-merger organization 2 was the low status “dominated” with strategically public sector orientation, lower market share (4-4.5%), total assets and value and of minor size according to the number of branches and labour. *Organization A* integrated the two pre-merger organizations (1 and 2) by using the *transformation* pattern as follows: the center of operations was relocated to newly build head offices, policies were rearranged, new name and logos bearing no connection to the old ones were adopted by the executive board, only a few top management members from the pre-merger partners were retained equally and new ones occupied most of the top management positions in the new merged entity and no signs of unrest from trade unions members and representatives became apparent post-merger.

*Organization B* incorporated three pre-merger organizations (3, 4, and 5). Pre-merger organization 3 was the high status “dominant” with the highest market share (1.8%), economic value in terms of total assets and larger size based on number of offices and employees. Pre-merger organizations 4 and 5 were the lower status “dominated” ones with lower market share and total assets and smaller in relation to employees and offices taken (1.5% and 1% merit of market share, respectively). *Organization B* integrated the three pre-merger organizations (3, 4, and 5) by applying the *absorb* pattern: the center of operations belonging to the pre-merger organization 3 became the new merged entity center of operations, low status pre-merger organizations adjusted their procedures and regulations to the ones of the high status pre-merger organization 3, name and logos of the high status pre-merger organization 3 were adopted in the new merged organization, intense signs of unrest from trade unions members and representatives became evident as they engaged in strikes before merger integration, only a few top management members from pre-merger organization 4 were retained in the same positions after merger, the bulk of which were occupied by members of the high status pre-merger organization. The position which pre-merger organizations occupied in the Greek market being higher for some and lower for others and the patterns of integration they adopt, as in most merger cases, makes status differentials more evident.

The *transformation* pattern representing a situation where merger partners find new ways of doing business by retaining features of their culture and identity (Marks & Mirvis, 1998), may

set status differentials between corporate members as less salient. The *absorb* reflecting a greater amount of compliance for the acquired/dominating partner to the culture of the acquiring organization (Marks & Mirvis, 1998), may strengthen the salience of the status group membership differences among merging organizations. Although in principle and in most mergers, combining two or more organizations into one makes corporate partners acknowledge the existence of status differentials by far, we argue that these (i.e., status differentials) will be more *implicit* in the *transformation* and more *explicit* in the *absorb* pattern. In the case of low status pre-merger organizations according to SIT, in particular, employees are expected to feel more threatened by the merger due to reduced continuity from the pre- to the post-merger organization (Giessner et al., 2006; Mottola et al., 1997) despite integration patterns and engage in more unfavourable merger reactions. Evidence also indicates that the perceptions employees have regarding the legitimacy of merger patterns may additionally affect responses towards the merger and especially *absorb* pattern, is perceived to be less legitimate by employees of either high or low status pre-merger organizations, increasing status differentials between them (Giessner et al., 2006).

As social identity theory implies, perceived illegitimacy of the low status group membership may lead to attempts of changing status quo hierarchy by identifying, for example, more strongly with the ingroup (cf. Terry & O'Brien, 2001). Thus, it could be claimed that members of the low status pre-merger organizations perceiving the *absorb* pattern as illegitimate, may identify more strongly with their own ingroup/the low status pre-merger organization and in turn, show less favourable merger reactions. Members of the high status pre-merger organizations perceiving the *absorb* pattern as illegitimate, may react negatively towards the merger fearing the change in the position of their ingroup and the status structure. In turn, as for *transformation* pattern, members of both low and high status pre-merger organizations perceiving it as a more legitimate way of integration, they may be more accepting of their status position after merger.

#### 4. The proposed model

The comprehensive model examined for the prediction of post-merger physical health and psychological well-being is illustrated in Figure 1 as a heuristic model. The model assumes that intergroup-level variables (pre-merger status and merger pattern) affect employees' stress in the hypotheses *1a-2b*: higher pre-merger status-as opposed to lower pre-merger status- will have a negative effect on employees' stress and a positive effect on their physical health and psychological well-being, while transformation -as opposed to absorb pattern- will have a negative effect on employees' stress and a positive effect on their physical health and psychological well-being. Both intergroup-level variables, will have direct effects on post-merger physical health and psychological well-being mediated by stress (i.e., stress mediates the effects of pre-merger status and merger pattern on employees' physical health and psychological well-being).

Figure 1

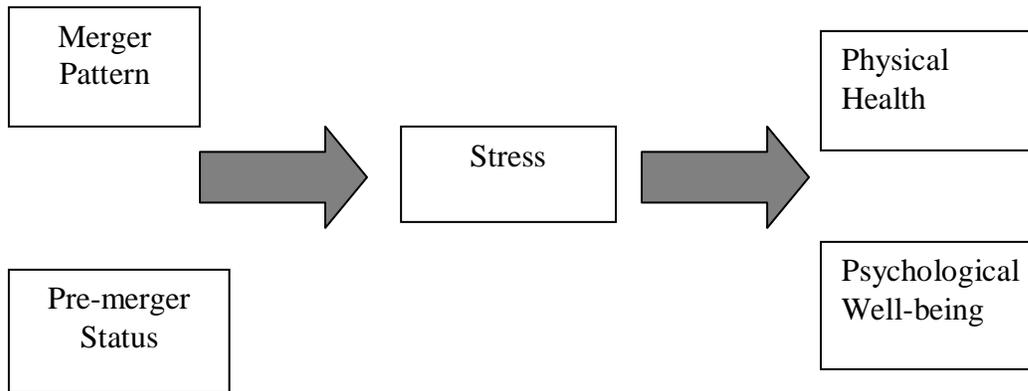


Figure 1. Heuristic model describing the effects of intergroup-level variables (pre-merger status, merger integration pattern) and individual-level mediating variable (stress) on physical health and psychological well-being after merger.

## 5. Method

### 5.1. Participants and Design

The research was conducted within two merged organizations in Greece (*Organizations A and B*). Questionnaires were sent to employees at all levels and 140 questionnaires were returned, indicating a response rate of 45.2%. The sample consisted of 55 employees from *Organization A (transformation)* and 85 from *B (absorb)* pattern, senior (5.7%), middle (57.1%) and lower (35.7%) administrative level ones, 52 from high status pre-merger organizations 1 and 3 and 88 from low status ones 2, 4, and 5.

### 5.2. Instruments

ASSET Organizational Stress Screening Tool (Cartwright & Cooper, 2002) was used to evaluate sources and outcomes of work stress assessed within three parts of the questionnaire, while the fourth one asks for biographical characteristics. 37 items ( $\alpha = .88$ ) assess sources of work stress (*perceptions of your job*) including work relationships, work-life balance, overload, job security, control, resources, communication, pay and benefits, job overall), 6 items ( $\alpha=.83$ ) evaluate *physical* and 11 items ( $\alpha=.85$ ) *psychological health* as outcomes of stress. For each item, employees indicated the degree of concern with each stressor dimension by a six-point Likert type response scale from 1 (*strongly disagree*) to 6 (*strongly agree*).

## 6. Results

### Path Model

To test whether the proposed model accurately reflects the hypothesized effects of intergroup-level variables on employees' stress, physical health and psychological well-being, structural equation modelling (SEM) using AMOS 4.0 (Arbuckle, 1999) with maximum

likelihood estimation method was used, allowing for direct comparisons of different paths in the model (c.f. Gleibs, Noack, & Mummendey, 2009 p. 827). To achieve a good fit to the data, the heuristic model depicted in Figure 1 was modified in some respects, allowing direct effects from predictor variables (pre-merger status was dummy coded 2 for employees of the high status pre-merger organization and 1 for the low status pre-merger organization, and merger pattern, also dummy coded 2 for employees in the absorb and 1 for those in the transformation pattern), on the mediating variable (i.e. stress) and the criterion variables (physical health and psychological well-being). Correlations for all dependent measures are presented in Table 1.

Table 1  
Means (M), Standard Deviations (SD) and Intercorrelations among Dependent Measures

	M	SD	Stress	Physical Health	Psychological Well-being
Stress	3.27	0.69	—	.63**	.56**
Physical Health	2.55	0.70		—	.68**
Psychological Well-being	2.45	0.68			—

Note. \*\*  $p < .01$ , two-tailed

After eliminating all non-significant paths ( $p > .05$ ) the overall fit of the resulting path model (illustrated in Figure 2) was good as indicated by the low and non-significant  $\chi^2$  statistic ( $N=140$ ;  $\chi^2=4.78$ ;  $df=4$ ;  $p=.31$ ). All other fit indices also showed a good model fit: The Normed Fit Index ( $NFI=.998$ ), the Relative Fit Index ( $RFI=.991$ ), the Incremental Fit Index ( $IFI=.999$ ), the Tucker-Lewis Index ( $TLI=.999$ ) and the Comparative Fit Index ( $CFI=.998$ ) as their values exceed .90 (Hu & Bentler, 1995). The Root Mean Square Error of Approximation ( $RMSEA=.038$ ) indicated an acceptable fit of the model ( $<.05$  to  $.08$ ) associated with the degrees of freedom (Browne & Cudeck, 1993; Byrne, 2001). The path model accounted for 41.7% of the variance in physical health and 32% of the variance in psychological well-being.

Figure 2

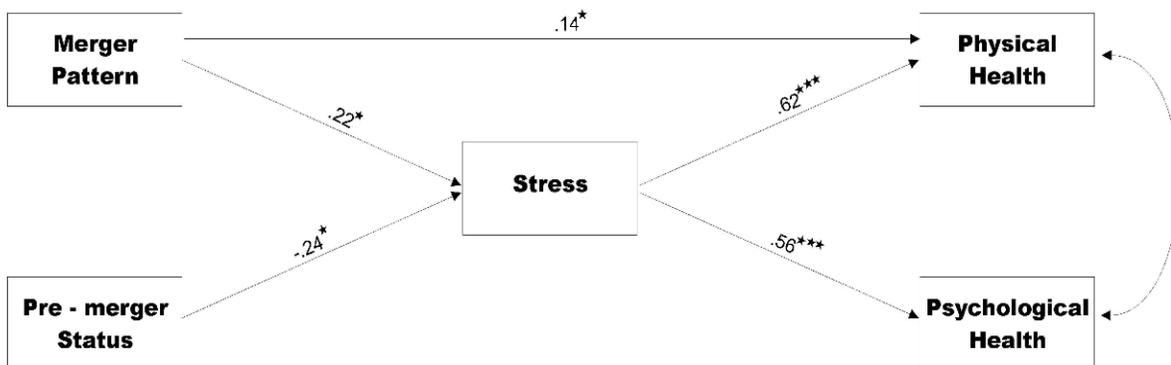


Figure 2. Empirical path model of the effects of pre-merger status and merger pattern on physical health and psychological well-being. Standardized path coefficients and significant paths are reported ( $N = 140$ , \* $p < .05$ ; \*\* $p < .01$ ; \*\*\* $p < .001$ ).

*Direct effects of intergroup-level variables on individual-level variable:* The empirical model depicted in Figure 2 reveals that, as expected, *pre-merger status* had a direct negative effect on post-merger stress ( $\beta = -.24, p < .05$ ), i.e. higher pre-merger status led to lower post-merger stress. Also, as expected, *merger pattern* had a direct positive effect on post-merger stress ( $\beta = .22, p < .05$ ), i.e. *absorb* as opposed to *transformation* led to higher post-merger stress, and a direct positive effect on post-merger physical health ( $\beta = .14, p < .01$ ), i.e. *absorb* led to elevated symptoms of ill physical health.

*The causal chain of individual-level variable:* Figure 2 also reveals that post-merger stress directly and positively influenced physical health ( $\beta = .62, p < .001$ ) and psychological well-being ( $\beta = .56, p = .001$ ), i.e. higher levels of post-merger stress led to heightened symptoms of ill physical health and psychological well-being.

*Prediction of physical health and psychological well-being:* Although there were no significant direct effects of pre-merger status on either physical health or psychological well-being, *pre-merger status* had an indirect (IE) effect on physical health mediated by stress (IE =  $-.15, p < .001$ ), i.e. higher pre-merger status led to lower post-merger stress, which in turn led to better physical health; pre-merger status had also an indirect (IE) effect on psychological well-being mediated by stress (IE =  $-.13, p < .001$ ), i.e. higher pre-merger status led to lower post-merger stress, which in turn led to better psychological well-being; *Merger pattern* had also an indirect effect (IE) on physical health mediated by stress (IE =  $.13, p < .001$ ), i.e. *absorb* led to higher post-merger stress, which in turn led to elevated levels of ill physical health; merger pattern had also an indirect effect (IE) on psychological health mediated by stress (IE =  $.12, p < .001$ ), which means that *absorb* led to higher post-merger stress, which in turn led to worse psychological well-being.

As expected, both merger pattern and pre-merger status had an indirect effect on both physical health and psychological well-being mediated by post-merger stress, i.e. the more the acquired (dominated) organization obeys the rules of the acquiring (dominant) (Marks & Mirvis, 1998) i.e. *absorb* pattern, and the higher the pre-merger status is, the more the post-merger stress is experienced and the more the symptoms of ill physical health and psychological well-being are present. In fact, merger pattern is the intergroup-level variable that has both direct and indirect effects on physical health mediated by stress, i.e. the stronger the assimilation, the higher the stress and the stronger the symptoms of ill physical health, raising its total effect (TE =  $.14, p < .001$ ). In summary, the proposed model for the prediction of physical health and psychological well-being was largely supported and accounted for a 41.7% of the variance in physical health and a 32% of the variance in psychological well-being post-merger.

## 7. Discussion

The present research attempted to assess the influence of intergroup-level variables on employees' physical health and psychological well-being post-merger, by using the intergroup perspective based on SIA and stress theory implications. To the best of our knowledge, this study represents one of the first to combine intergroup-level-and-health variables within real M&As. Väänänen et al. (2004) argue that there is a shortage of studies assessing merger-related effects on employees' health (p. 1904), so our study combines established merger-related concepts and relationships with new ones not encompassed within M&A literature and offers further insight into the interplay between structural and context features of the merger and individual-level

work-related outcomes, by highlighting the relationship between intergroup-and-health-level variables under radical organizational change settings. The use of well-developed measurement tools for assessing stress, physical and psychological health, represents another strength of the present research. Amiot et al. (2007) emphasize the SIA approach usefulness when considering the processes by which pre-merger organizations create a new superordinate group in the form of the newly post-merger organization. According to Gleibs, Mummendey & Noack (2008), it is important to apply intergroup perspective on M&As to broaden intergroup-focused merger literature, so this study extends further this kind of research and also, uses an integrative approach with different perspectives and implications (SIA/intergroup, stress theory) (Amiot et al., 2006), in a manner not previously assessed<sup>1</sup>. This was achieved by collecting data from two merged organizations, whose pre-merger partners differed in status (high vs low), applying different merger integration patterns (absorption vs transformation).

The present findings specifically show how *transformation* -as opposed to absorb - pattern providing employees with the feeling that their voice is heard, their culture respected and parts of their identity retained, indicates beneficial physical health and psychological well-being. On the contrary, *absorb* pattern following a complete assimilation of the acquired organization's culture and in a way of its identity into these of the acquiring organization/s, is shown to lead to worse employees' physical and psychological health post-merger, with certain theoretical and practical implications described below.

Previous findings indicating negative/less favourable responses/reactions from employees of the *low status pre-merger* organizations in respect with post-merger organizational identification and commitment and satisfaction with merger (e.g. Covin, Sighler, Kolenko, & Tudor, 1996), are in line with the current ones demonstrating worse physical health and psychological well-being for employees post-combination. However, the association obtained relating high pre-merger status with lower stress and better physical health and psychological well-being, focuses on and emphasizes *both* aspects of employees' health, extending relevant knowledge. Thus, these results support further the assertion that *merger-related status* based on SIT premises is significant in relation to merger reactions.

As status differentials probably constitute an M&A reality difficult to overcome, low status corporate members might resist M&As, as they are likely to be more threatened by the merger (Fischer et al., 2007) and by attempting to hold on to their own pre-merger identity, to reject that of the new merged organization jeopardizing merger success. In addition, as employees of the low-status pre-merger organizations experience most negative responses to the merger and fail to perceive a common in-group identity in relation to the high-status ones (e.g. Terry & O'Brien, 2001), it would be reasonable to suggest that any efforts towards the elimination of status differentials, would be most useful. As Amiot et al. (2007) argue, the favourable responses of the employees of the low-status pre-merger organizations depend on whether they continue to enjoy available advantages and resources after merger, while any perceptions of threat experienced by them might be alleviated by ensuring that their pre-merger identity is viable and valuable (van Leeuwen et al., 2003) and that they belong to a more prestigious/ prominent organization after merger (Guerrero, 2008).

---

<sup>1</sup> Guerrero (2008) suggests that only her study and that of van Dick et al.'s (2006) have combined both social identity and stress theories in M&As

As transformation appears to be less usual than absorb pattern, the ultimate goal of absolute egalitarian merger integration probably seems difficult to accomplish. This pattern of outcomes of cultural integration means that when features of all or both pre-merger organizations' patterns of organizational practice are recognizable, acknowledged and respected in the new merged organization, then employees perceive merger reality as less insecure, threatening and stressful; since their voice is heard, they are allowed to retain their sense of continuity and thus, experience better health outcomes. Thus, managers employing equal opportunities schemes in, for example, benefits, compensations, resources, training/ development activities and adopt- at a pragmatic level- aspects of pre-merger cultures, would probably help generate feelings of fair/ legitimate treatment, reducing merger-related stressors, support more favourable employee health and increase feelings of a common ingroup identity, i.e. that of the merged organization (Gaertner et al., 2001).

Access to workshops and open information meetings, equality in staffing, retention of key talent employees from all pre-merger partners, open communication channels highlighting equal employee treatment in an attempt to strengthen perceptions of fairness and legitimacy, acknowledgment of all pre-merger organizations' cultural and identity aspects by showing that these are significant for the survival of the new merged organization and should be equally respected, might also be implemented. Mixed work teams of employees from all pre-merger partners actively involved in the decision-making and management of post-combination, might also increase their cooperation and possibly relieve: a) feelings of discontinuity, strengthening intergroup relations as described in the contact hypothesis (cf. Pettigrew, 1998), b) feelings of "us versus them" thinking in M&As (Appelbaum et al., 2000) and c) facilitate employees perceiving the new merged organization as one entity and increase their commitment with that (Gaertner et al., 2001).

Evidence obtained regarding the influence certain cultural integration outcomes (Marks & Mirvis, 1998; 2001) may have on employees' health, extends previous findings by relating outcomes of cultural integration with employees' responses within M&As; for example, the association between merger patterns and employees' commitment to the merged organization (e.g. Mottola et al., 1997). Moreover, they underline specific merger patterns associations (i.e. the *absorb*), with worse health outcomes; high degree of cultural change in the acquired/dominated corporate partner means that employees of the acquired/ dominated organization obey the rules of the acquiring/dominant organization and create a less secure and more stressful organizational environment; employees may probably need to abandon their own culture and identity features and conform to these of the acquired/dominated organization (e.g., rules, practices, procedures and attitudes); this might lead them to diminish their *sense of continuity* from pre- to post-merger organization (Rousseau, 1998), increase their merger-related job stressors and deteriorate their physical health and psychological well-being, accordingly.

Our research bears *limitations* that need to be acknowledged. The secrecy and inherent difficulty of collecting merger data (cf. Mottola et al., 1997 p. 1353), have led researchers to use scenario studies and experimental designs, which provide the opportunity to manipulate situational variables in favour of internal, but against external validity (e.g. Fischer et al., 2007; Giessner et al., 2006). Thus, field studies as the current one should be evaluated accordingly, although they unavoidably involve smaller sample sizes (e.g. Bartels et al., 2006; Ozag, 2006). Moreover, a longitudinal design would offer the advantage of assessing a causal model, but rather difficult to implement under M&As conditions (Amiot et al., 2006; Cartwright & Cooper, 1993).

Ultimately, the present study highlights the significance of the joint exploration of macro/intergroup-and-micro/individual, psychological-level variables and their cross-level linkages, attempting to offer a clearer understanding of employees' responses within M&As (Herold, Fedor, & Caldwell, 2007). However, as Marks & Mirvis (2001) argue "only after time will people accept the reality of the new situation and be ready to work with counterparts in a genuine and committed way. For some, this may be a matter of weeks or months. Others take years. Some individuals never reach the stage of acceptance..." (p. 88).

Although "it seems hard to find a "best" way of merging" (Giessner et al., 2006 p. 351), we could argue that a transformation merger pattern, allowing for a negotiable power distribution among corporate partners, based on equity of resources and benefits for employees of both high and low status pre-merger organizations, would alleviate potential merger-related stressors and ensure positive health and well-being, giving first place to often mismanaged human aspects in mergers (cf. Wickramasinghe & Karunaratne, 2009 p. 695).

## References

Amiot, C.A., Terry, D.J., & Callan, V.J. (2007). Status, equity and social identification during an intergroup merger: A longitudinal study. *British Journal of Social Psychology*, *46*, 557-577.

Amiot, C.E., Terry, D.J., Jimmieson, N.L. & Callan, V.J. (2006). A longitudinal investigation of coping processes during a merger: Implications for job satisfaction and organizational identification. *Journal of Management*, *32*, 552-574.

Appelbaum, S.H., Gandell, J., Yortis, H., Proper, S., & Jobin, F. (2000). Anatomy of a merger: Behavior of organizational factors and processes throughout the pre-during post-stages (part 1). *Management Decision*, *38*, 649-662.

Arbuckle, J.L. (1999). *Amos 4.0*. Chicago: Smallwaters.

Bartels, J., Douwes, R., de Jong, M., & Pruyn, A. (2006). Organizational identification during a merger: Determinants of employees' expected identification with the new organization. *British Journal of Management*, *17*, 49-67.

Boen, F., Vanbeselaere, N., Brebels, L., Huybens, W., & Millet, K. (2007). Post-merger identification as a function of pre-merger identification, relative representation, and pre-merger status. *European Journal of Social Psychology*, *37*, 380-389.

Browne, M.W. & Cudeck, R. (1993). Alternative ways of assessing model fit. In K.A. Bollen, & J.S. Long (Eds.), *Testing structural equation models* (pp.445-455). Newbury Park, CA: Sage.

Buono, A.F. & Bodwitch, J.L. (1989). *The Human Side of Mergers and Acquisitions*. San Francisco, CA: Jossey-Bass.

Buono, A.F., Bodwitch, J.L. & Lewis, J.W. (1985). When cultures collide: The anatomy of a merger. *Human Relations*, *38*, 477-500.

Byrne, B.M. (2001). *Structural Equation Modeling With AMOS. Basic Concepts, Applications, and Programming*. New Jersey: Lawrence Erlbaum Associates, Inc.

Callan, V.J., Gallois, C., Mayhew, M.G., Grice, T.A., Tluchowska, M., & Boyce, R. (2007). Restructuring the multi-professional organization: Professional identity and adjustment to change in a public hospital. *Journal of Health & Human Services Administration, 29*, 448-477.

Cartwright, S., & Cooper, C.L. (2002). *ASSET: An organizational stress screening tool - the management guide*. Manchester, UK: Robertson Cooper Ltd.

Cartwright, S., & Cooper, C.L. (1993). The psychological impact of merger and acquisition on the individual: A study of building society managers. *Human Relations, 46*, 327-347.

Cartwright, S., Tytherleigh, M., & Robertson, S. (2007). Are mergers always stressful? Some evidence from the higher education sector. *European Journal of Work and Organizational Psychology, 16*, 456-478.

Covin, T.J., Sightler, K.W., Kolenko, T.A., & Tudor, R.K. (1996). An investigation of post-acquisition satisfaction with the merger. *Journal of Applied Behavioral Science, 32*, 125-142.

Dackert, I., Jackson, P.R., Brenner, S.-O., & Johansson, C.R. (2003). Eliciting and analysing employees' expectations of a merger. *Human Relations, 56*, 705-725.

Fischer, P., Greitemeyer, T., Omay, S.I., & Frey, D. (2007). Mergers and group status: The impact of high, low and equal group status on identification and satisfaction with a company merger, experienced controllability, group identity and group cohesion. *Journal of Community & Applied Social Psychology, 17*, 203-217.

Fried, Y., Tiegies, R.B., Naughton, T.J. & Ashford, B.E. (1996). Managers' reactions to a corporate acquisition: A test of an integrative model. *Journal of Organisational Behaviour, 17*, 401-427.

Gaertner, S.L., Bachman, B.A., Dovidio, J. & Banker, B.S. (2001). "Corporate mergers and stepfamily marriages: Identity, harmony, and commitment". In M.A. Hogg, & D.J. Terry (Eds.), *Social identity processes in organizational contexts* (pp 265-282). Philadelphia, P.A.: Psychology Press.

Giessner, S.R., Tendayi Viki, G.T., Otten, S., Terry, D.J., & Täuber, S. (2006). The challenge of merging: Merger patterns, premerger status, and merger support. *Personality and Social Psychology Bulletin, 32*, 339-352.

Gleibs, I.H., Mummendey, A. & Noack, P. (2008). Predictors of change in postmerger identification during a merger process: A longitudinal study. *Journal of Personality and Social Psychology, 95*, 1095-1112.

Gleibs, I.H., Noack, P., & Mummendey, A. (2009). We are still better than them: A longitudinal field study of ingroup favouritism during a merger. *European Journal of Social Psychology, 40*, 819-836.

Guerrero, S. (2008). Changes in employees' attitudes at work following an acquisition: A comparative study by acquisition type. *Human Resource Management Journal, 18*, 216-236.

Herold, D.M., Fedor, D.B. & Caldwell, S.D. (2007). Beyond change management: A multilevel investigation of contextual and personal influences on employees' commitment to change. *Journal of Applied Psychology, 92*, 942-951.

Hu, L.T., & Bentler, P.M. (1995). Evaluating model fit. In R.H.Hoyle (Ed.), *Structural equation modeling: Concepts, issues, and applications* (pp.76-99). Thousand Oaks, CA: Sage.

Karasek, R.A. (1979). Job demands, job decision latitude, and mental strain: Implications for job redesign. *Administrative Science Quarterly, 24*, 285-308.

Karasek, R. & Theorell, T. (1990). *Healthy Work*. New York: Basic Books.

Makri, E., & Hantzi, A. (2012). Merger pattern, pre-merger organizational status, and the mediating role of stress in predicting employees' health after merger (manuscript submitted for publication).

Marks, M.L., & Mirvis, P.H. (2001). Making mergers and acquisitions work: strategic and psychological preparation. *Academy of Management Executive, 15*, 80-89.

Marks, M.L. & Mirvis, P.H. (1998). *Joining Forces. Making one plus one equal three in mergers, acquisitions, and alliances*. Jossey-Bass Publishers. San Francisco.

Mottola, G.R., Bachman, B.A., Gaertner, S.L., & Dovidio, J.F. (1997). How groups merge: The effects of merger integration patterns on anticipated commitment to the merged organization. *Journal of Applied Social Psychology, 27*, 1335-1358.

Ozag, D. (2006). The relationship the trust, hope, and normative and continuance commitment of merger survivors. *Journal of Management Development, 25*, 870-883.

Panchal, S., & Cartwright, S. (2001). Group differences in post-merger stress. *Journal of Managerial Psychology, 16*, 424-433.

Pettigrew, T. (1998). Intergroup contact theory. *Annual Review of Psychology, 49*, 65-85.

Rousseau, D.M. (1998). Why workers still identify with organizations. *Journal of Organizational Behavior, 19*, 217-233.

Schweiger, D.M., & Weber, Y. (1989). Strategies for managing human resources during mergers and acquisitions: An empirical investigation. *Human Resource Planning, 12*, 69-86.

Schweiger, D.M. & Denisi, A.S. (1991). Communication with employees following a merger: a longitudinal field experiment. *Academy of Management Journal*, 34, 110-135.

Terry, D. J. (2003). Social identity and diversity in organizations. *Asia Pacific Journal of Human Resources*, 41, 25-35.

Terry, D.J. & Callan, V.J. (1998). In-group bias in response to an organizational merger. *Group Dynamics: Theory, Research and Practice*, 2, 67-81.

Terry, D.J., Carey, C.J., & Callan, V.J. (2001). Employee adjustment to an organizational merger: An intergroup perspective. *Personality and Social Psychology Bulletin*, 27, 267-280.

Terry, D.J., Callan, V.J., & Sartori, G. (1996). Employee adjustment to an organizational merger: Stress, coping and intergroup differences. *Stress Medicine*, 12, 105-122.

Terry, D.J., & O'Brien, A.T. (2001). Status, legitimacy and ingroup bias in the context of an organizational merger. *Group Processes and Intergroup Relations*, 4, 271-289.

Ullrich, J., Tissington, P. A., & Greitemeyer, T. (2005). Psychological factors of organizational mergers: The relationship between premerger status, identification with the organization, perceived control, and subjective well-being. Paper presented at the *XII EAWOP Congress*, May 2005, Istanbul.

Väänänen, A., Pahkin, K., Kalimo, R., & Buunk, B.P. (2004). Maintenance of subjective health during a merger: the role of experienced change and pre-merger social support at work in white-and blue-collar workers. *Social Science and Medicine*, 58, 1903-1915.

Van Dick, R., Ullrich, J., & Tissington, P.A. (2006). Working under a black cloud: How to sustain organizational identification after a merger. *British Journal of Management*, 17, S69-S79.

Van Knippenberg, D., van Knippenberg, B., Monden, L. & de Lima, F. (2002). Organizational identification after a merger: A social identity perspective. *British Journal of Social Psychology*, 41, 233-252.

van Leeuwen, E., van Knippenberg, D. & Ellemers, N. (2003). Continuing and changing group identities: The effects of merging on social identification and ingroup bias. *Personality and Social Psychology Bulletin*, 29, 679-690.

Wickramasinghe, V. & Karunaratne, C. (2009). People management in mergers and acquisitions in Sri Lanka: employee perceptions. *The International Journal of Human Resource Management*, 20, 694-715.