REVIEW ARTICLE

Group processes, intergroup relations and human resource practices in mergers and acquisitions post-combination: A critical review and research agenda for the future

Eleni Makri

Hellenic Parliament Foundation, Greece

Abstract: Despite ongoing crisis and recession, mergers and acquisitions (M&As) are used by companies to reinforce and sustain their place in business world. Regardless of M&As popularity, though, the successful integration of employees' merging partners and the effective management of the relationships between them and with their merged organization, remains a major challenge not frequently considered during merger process.

In this respect and related to the above, the present paper by critically reviewing new research within M&As, attempts to provide a comprehensive integrative review based on the essentials and implications of the social psychological theories of group processes and intergroup relations as represented by the Social Identity Approach (SIA) and related to intergroup structure, fairness, legitimacy and leadership procedures, accompanied by the description of the knowledge-based view (KBV) of M&As which focuses on knowledge integration and capabilities transfer during post-combination. In that way, it aims to reflect on pre-and post-M&A important contextual and process merger success factors (i.e. micro-behavioural and macro-organization/strategy perspectives). Also, based on significant insights drawn from empirical findings discussed, our review seeks to translate them into practical implications for organizational practice and explore promising issues and directions that could expand our understanding and managing of merger integration efficiently.

Keywords: Mergers and Acquisitions (M&As); Group and Intergroup Processes; Social Identity Approach (SIA); Knowledge-based View (KBV); Human Resource Management

*Correspondence to: Eleni Makri, Hellenic Parliament Foundation, Greece, el.makri@parliament.gr

Received: September 14th, 2016; **Accepted:** November 16th, 2016; **Published Online:** January 8th, 2017

Citation: Makri, E. (2017) Group processes, intergroup relations and human resource practices in mergers and acquisitions post-combination: A critical review and research agenda for the future. *Environment and Social Psychology*, 2(1), 46–58. http://dx.doi.org/10.18063/esp.v2.i1.95.

Introduction

Although merger deals are expected to force competitiveness in the business world, mergers and acquisitions (M&As) have failure rates ranging from 50 to 80 percent (Klendauer and Deller, 2009, p29). Meta-analyses within M&As exploring the most studied variables in relation to post-merger performance, have not offered definite answers (King *et al.* 2004). In this respect, criticism regarding existing M&A research streams has been developed as appearing "still fragmented, leaving gaps that need to be addressed" (Weber and Tarba, 2010, p203) and the need to trigger further M&A research incorporating new associations between variables within merger conditions has been stressed (Weber, 2012).

Despite the critical issues employee management both pre- and especially post-M&A integration seems to possess (Cartwright, Tytherleigh and Robertson, 2007; Wickramasinghe and Karunaratne, 2009), the lower attention given to employees' responses and reactions to gain support for merger activity has resulted in failure to retain key talent, decreased job satisfaction and commitment, communication breakdown and feelings or resistance to change, leading to underperformed employee adjustment and unsuccessful integration of people and operations (Cartwright and Cooper, 1993a).

Since the history of M&As indicates little evidence on the existence of mergers of equals often considered "simply symbolic" (Drori, Wrzensniewski and Ellis, 2011; Alluru and Thomas, 2016, p625), issues relating to formerly distinct corporate partners being re-categorized into the new merged organization (van Dick, Ullrich and Tissington, 2006)and existing social comparisons between merging partners and the merged organization, are activated. These reflect the essentials of the "social psychological theories of group processes and intergroup relations", in other words, the Social Identity Approach (SIA) (Ullrich and van Dick, 2007, p2) which integrates both the Social Identity Theories (SIT) (Tajfel and Turner, 1986) and Self-Categorization Theories (SCT) (Turner *et al.* 1987), constitutes a major challenge during merger process and is "rarely considered" (Giessner, Horton and Humborstad, 2016, p2).

The knowledge-based view (KBV) approach emphasizing the significance of individuals' specific knowledge integration (sharing) as becoming the heart of company's capability (Grant, 1996), tends to guide the exchange of knowledge and resources throughout companies through the use of procedures aimed at sharing knowledge, as human resource practices engender. In addition, though and most importantly, in merger settings, the KBV tends to be a useful overarching perspective in aiding organizations to effectively ensure the exchange and transfer of resources and capabilities, particularly in M&As, where it seems inevitable that the acquired partners need to deal with "a greater sense of loss and disruption when they integrate with their acquirers than when they are not" (Punaram, Singh and Zollo, 2006; Paruchuri, Nerkar and Hambrick, 2006, p546).

Since the outcome of the acquisition process seems to be affected by the extent to which the acquiring partner develops a capability particular to managing the acquisition procedure successfully, especially that of incorporating the acquired partner (Zollo and Singh, 2004, p1237), the issues of pre-merger organizational status (acquiring vs. acquired) and merger integration patterns (the ways merging partners integrate their culture(s) post-M&A), seem to be also critical in ensuring the exchange (sharing) of resources and capabilities post-combination through human resource practices, in order to facilitate the effective integration of people and operations post-merger.

In this respect, and related to the above, the current paper will first offer an integrative review of the M&A literature based on the implications of group processes and intergroup relations as signified by the Social Identity Approach (SIA) and accompanied by the description of the knowledge-based view (KBV) of M&As, which stresses the need to integrate knowledge and capabilities during post-combination. Expanding upon the frameworks by Giessner and colleagues (2011; 2012; 2016), we will review antecedents and essentials related to intergroup processes and structure, fairness, legitimacy and leadership procedures in relation to knowledge and capabilities transfer within M&As.

In that way, we will (i) reflect on both pre-and post-M&A significant contextual and process success factors and (ii) offer an integrative simultaneous consideration of micro-behavioural (social identity approach/group processes/intergroup relations-associated essentials) and macro-organization/strategy (knowledge-based view) perspectives within merger conditions, in order to develop a theoretical model that seeks to shed further light on the quality and extent of successful post-M&A integration management and thereby, to facilitate merger success (see **Figure 1** for an overview). An attempt that has received lower research attention within merger integration as seminal M&A researchers do suggest (Weber, 2012; Weber and Fried, 2011a; Weber and Tarba, 2010).

Furthermore, this paper will specifically summarize important insights from empirical findings based on the above perspectives translated into practical implications during merger integration. Finally, at the end, we will reflect on the ways the discussed approaches may instigate and explore promising issues, directions and questions for future new M&A integration management research.

On one hand, we aim to disentangle issues and concerns that give greater attention to understanding the M&A integration process, a route that has been given less attention (Weber and Tarba, 2010),

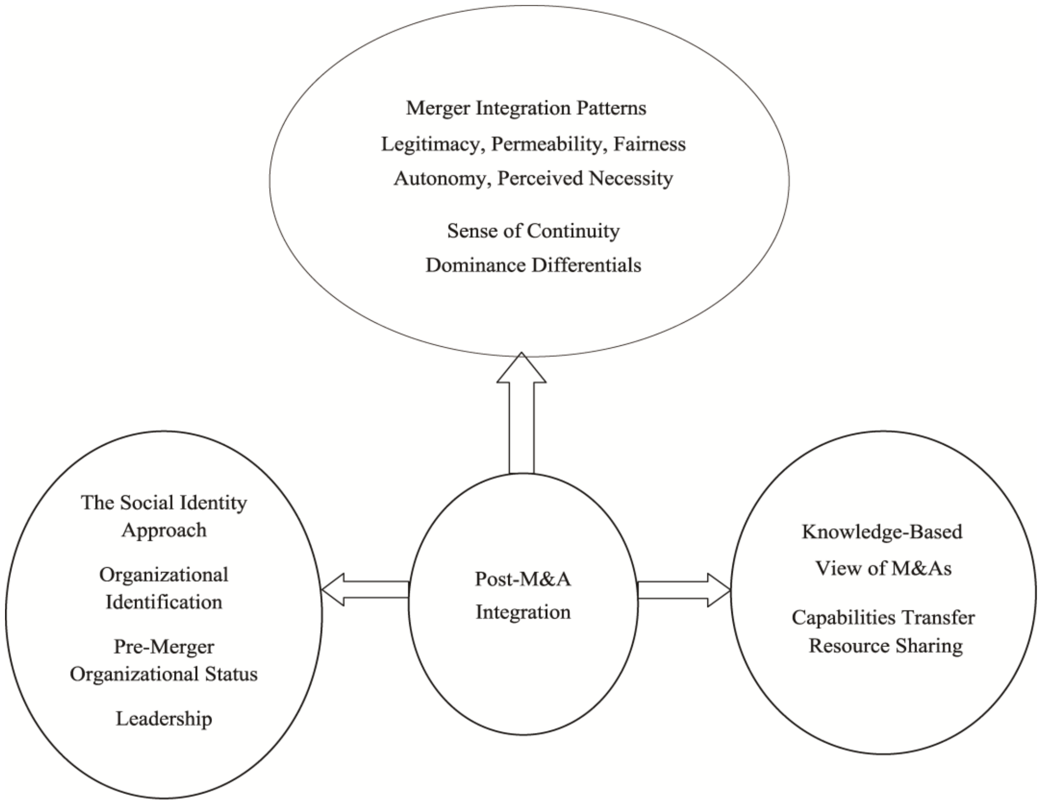

Figure 1. An Interdisciplinary-Based Overview of M&As

and on the other, to focus on integrative and interdisciplinary review frameworks which combine the group psychology and human resource issues that are critical to M&A success (Weber, 2012).Our final aim is to integrate different significant approaches (as defined above) and their theoretical insights that may assist us in further understanding and managing the process of post-merger integration, possibly leading to identifying directions for future M&A research.

The Social Identity Framework to M&As

Pre-merger Organizational Status and Sense of Continuity

Organizations are seen as social groups and as such, attitudes and behavior are to a great extent influenced by peoples' membership to those organizations, their work groups or teams and profoundly guided by the Social Identity Approach (SIA), an influential social-psychological perspective based upon the fundamental assumption that people perceive the social environment around them in terms of social categories they belong to (groups) (*e.g.*, members of an organization) and define themselves (favorably), *i.e.*, create their positive self-image on the basis of their membership to these specific groups in relation to others. In that event, people move from the personal self (personal identity) to the social self (social identity) and in effect, the organizational self (organizational identity), experiencing a transfer from interpersonal to intergroup attitudes and behavior (Giessner, Ullrich and van Dick, 2012, p5).

In the cases of M&As which rarely assume equal partners and where formerly distinct corporate members are re-categorized into the new merged entity (van Dick, Ullrich and Tissington, 2006), the existing social comparisons between merging partners and the merged organization, are activated, utilizing the Social Identity Approach (SIA) to describe the shift from the pre-to the post-merger organizational membership and identity: to explore and explain the intergroup relations in merger activities (Giessner, *et al.* 2006).

In most cases, differences between merging partners are most likely to be salient even before the merger activity begins (van Knippenberg and van Leeuwen, 2001). Hence, the notion of equality tends to be rather a fairy story than a real situation in itself (van Vuuren, Beelen and de Jong, 2010), since in practice,

—one partner generally dominates the other because it is larger, richer, more viable, or is otherwise more powerful and influential than its partner” (van Knippenberg *et al.* 2002, p235).

The difficulty in the two merging partners perceived as one organizational entity post-combination, is likely to be due to the different sense of continuity and feelings of threat experienced in developing the pre- in relation to the post-merger organizational identities (Rousseau, 1998). In that effect, pre-merger organizational status and sense of continuity from the pre-to the post-merger organization, are two important intergroup-level factors that reflect differences in intergroup relations within M&As (Boen, Vanbeselaere and Wostyn, 2010).

Higher pre-merger organizational partner status usually stems from comparison dimensions before merger begins such as market share, organizational size, or reputation (Marmenout, 2010) and most likely defines the character of the merger post-integration. As such, higher pre-merger organizational status employees are anticipated to have a more favorable (or positive) organizational identity post-merger due to increased sense of continuity from the pre-to the post-merger entity, as they are more likely to feel that their pre-merger group is powerfully represented in the newly merged organization (Hornsey and Hogg, 2002).

On the other hand, lower pre-merger organizational status employees are expected to experience a less favorable (or positive) social identity post-merger due to decreased sense of continuity from the pre-to the post-merger organization (Terry and O’Brien, 2001). However, when high pre-merger status employees experience decreased representation in the post-merger organization, then they are likely to demonstrate lowered post-merger organizational identification (Boen, Vanbeselaere and Wostyn, 2010) (*i.e.*, psychological affiliation with their merged organization). Yet, one has to bear in mind that the —utter” level of organizational identification is likely to diminish even among the employees who perceive more continuity from the pre- to the post-merger organization (Ullrich and van Dick, 2007).

That positive organizational identity reflecting favorable feelings for being a member of the merged organization, tends to affect employee responses (Boen, Vanbeselaere and Wostyn, 2010) and strengthens those attitudes heading for achieving the strategic goals of the organization (van Dick, 2004), namely organizational citizenship behavior, enhanced team performance, job satisfaction, decreased turnover intentions (Ullrich and van Dick, 2007) and even readiness for change (van Dijk and van Dick, 2009).

The social identity based-M&A research has indicated the significance of developing a sense of continuity for the future of the merged organization (Ullrich and van Dick, 2007), with relevant studies identifying two types of continuity, projected and observable continuity (Ullrich, Wieseke and van Dick, 2005). Projected continuity represents employees’ subjective feeling of the (merged) organization’s future direction, accompanied by a —road map” (Lupina-Wegener *et al.* 2013, p4) on how to reach it. Observable continuity is based upon the feeling of where employees stand in the new merger reality and whether it would be better to find another organization to work at (Ullrich, Wieseke and van Dick, 2005).

Both kinds of continuity have been indicated to predict post-merger organizational identification (van Knippenberg *et al.* 2002). Projected continuity, in particular, as evidence (Lupina-Wegener *et al.* 2013) report, appears to be of particular importance in reinforcing high post-merger organizational identification: pre-merger organizational identification is positively related to projected continuity for employees of the dominant merging partner and negatively linked to projected continuity for members of the dominated merging organization; also, projected continuity being favorably related to post-merger organizational identification, mediates the association between the pre-and post-merger organizational identification and ends up with a positive indirect effect for members of the dominant and a negative indirect effect for employees of the dominated merging partners.

Overall, the more powerful the sense of continuity becomes, the more employees of merging organizations obtain a considerable part of their self-esteem from membership to the new merged organization and become more identified with the merged entity (Jetten, O’Brien and Trindall, 2002). This results in alleviating feelings of insecurity and uncertainty (Giessner, Ullrich and van Dick, 2011) and facilitates the integration process post-combination (Rousseau, 1998). However, there is also some recent evidence indicating similar levels of post-merger organizational identification for members of dominant and dominated pre-merger partners (van Dick, 2004).

In any case, though, pre-merger status and dominance differentials are most likely not to be alike and should be treated as such, as —power relations between pre-merger groups are dynamic and may change over time" (van Dick, 2004, p15). For example, a smaller size high status organization may be acquired by a more financially robust company but less prominent. Or, as van Knippenberg *et al*. (2002) suggest: —There are situations in which the dominated partner may be the higher status group (*e.g.*, when a chain of budget stores takes over a prestigious designer store). In this sense, dominance is more akin to power than to status" (p237). Nevertheless, dominated (or acquired) merging partners are those most likely to experience the greatest structural and organizational changes post- combination (van Knippenberg *et al.* 2002).

Permeability, Legitimacy, Fairness and Necessity in M&As

Intergroup dynamics of M&As further involve certain organizational —structural conditions" (Giessner, Horton and Humborstad, 2016, p23) that tend to identify the —character" of relations between organizational groups and affect employees' behavior in merger settings. Or, —the subjective belief structures, that is, beliefs about the nature of relations between the in-group and relevant out-groups that influence their behaviors to pursue self-enhancement through favorable (positive) social identity" (Lupina-Wegener, Schneider and van Dick, 2011, p70). These structural beliefs include perceptions of permeability, legitimacy and fairness that together with perceptions of merger's necessity are suggested to be central structural factors that tend to influence the way employees' identity is generated and affect related feelings of autonomy and threat to pre-merger identity (Hogg and Terry, 2000).

Employees' perceptions of permeability can either include the possibility to depart the merged organization in case they experience an unfavorable social identity (Giessner, Horton and Humborstad, 2016), or the degree to which they are dealt with respect and acknowledgement ending up in more positive post-merger adjustment and moving towards gaining access to training and development activities, benefits and rewards, particularly when they belonged to the lower pre-merger organizational status partner (Terry, Carey and Callan, 2001; Terry and O'Brien, 2001).

If we transfer permeability perceptions into merger integration, then we argue that employees of the dominant (acquired) partner tend to opt for maintenance of lower permeability to protect their enhanced status, while members of the dominated (acquiring) organization seem to wish for increased permeability to heighten their position in the merged entity by entering better work conditions, career prospects and rewards (Terry, Carey and Callan, 2001). However, some findings indicate that despite perceptions of existed threat to pre-merger identities and beliefs of both merger partners as of —being acquired", favorable (equal) permeability perceptions were reported by all merger partners irrespective of their pre-merger organizational status (Lupina-Wegener, Schneider and van Dick, 2011).

Employees' legitimacy perceptions are usually operationalized as of reflecting the acknowledged influence and (or) representation that the dominant merging partner occupies during post-M&A integration (Giessner, Horton and Humborstad, 2016). Perceptions of legitimacy are associated with the ways merger partners use to exercise their influence according to the different patterns of integration post-combination (merger integration patterns) and their pre- merger organizational status.

As such, the assimilation of the acquired or (dominated) merger partner into that of the acquiring (or dominating) which reflects the absorb merger pattern (Mottola *et al.* 1997), is perceived as a less legitimate merger pattern for employees of the low pre-merger organizational status, as they expect that they are likely to have lower representation and in effect decreased influence in the merged organization (Giessner, Horton and Humborstad, 2016). On the other hand, the combine or blend (or transformation) merger patterns depicting either the establishment of a completely new organizational entity or an equal exercise of influence from both or all merger partners post-combination, are perceived as more legitimate merger patterns by members of the high pre-merger organizational status partner (Giessner *et al.* 2006), since they expect that they are about to have considerable representation and subsequent influence in the new merger reality which indicates a more fair position in the post-merger organization.

Fairness

Perceptions of fairness (the degree to which job position is perceived to be fair post-merger), constitute —a structural mechanism that mediates resistance to change" (Gleibs *et al.* 2013, p185). Considerations of fairness,*i.e.*, perceptions of justice regarding the allocation of resources and outcomes in the merged organization (distributive justice),along with perceptions on the ways new processes and systems are designed and executed in relation to management treatment during merger integration (procedural justice) (Giessner, Ullrich and van Dick, 2012, p23), have relatively recently received research attention.

Employees' extent of merger support has been indicated to be affected by the degree to which employees perceive their state in the new merged entity as fair (Amiot, Terry and Callan, 2007), *i.e.*, meet their expectations of fairness regarding their position in the merged organization, and in effect are likely to exhibit increased willingness to be identified with the organization (Ellemers, 1993).

In addition, when employees perceive that they are equally represented in the merged organization as far as distribution of resources and outcomes is concerned (distributive justice)—especially if they belong to the lower pre-merger organizational status partner—then they are expected to demonstrate more positive responses and attitudes during merger integration (Monin *et al.* 2013).

On the other hand, in cases when they perceive that the procedures and rules followed after integration correspond to identical treatment in the merged organization—particularly for the lower pre-merger organizational status employees—then they are expected and have been indicated to experience heightened feelings of acknowledgement and respect which lead to increased identification with the merged entity (Gleibs, Mummendey and Noack, 2008).

Necessity

When employees perceive the merger as necessary, they are more likely to exhibit favorable identification with the merged organization (Ullrich, Wieseke and van Dick, 2005). Being able to understand that merger is necessary; employees may be facilitated to deal with feelings of uncertainty, fear and threat to their pre-merger identity more effectively, as they are expected to gain a clearer picture of where the organization's future stands and how it can be successfully achieved (Ullrich, Wieseke and van Dick, 2005). In other words, it might be easier for them to make better sense and accept the prospective reasons, motives and expected outcomes of the merger activity per se, in relation to the future vision of the organization that is at stake and lead to joint perceptions that they are expected to share the same ―common fate" in the new merger reality (Giessner, 2011).

Perceived necessity of the merger has been demonstrated to favorably affect post-merger organizational identification (Boen *et al.* 2005a), especially for those employees who exhibit a low sense of continuity (discontinuity) of their identity post-M&A (Giessner, 2011): in other words, when perceived sense of continuity was low, the perceived necessity of the merger had a strong positive relationship to post-merger organizational identification and for low sense of continuity, perceived necessity significantly lowered uncertainty which in turn heightened post-merger organizational identification).

Nevertheless, according to Giessner (2011, p8), ―… the research to date has neither explained the underlying process that mediates this influence nor identified the subset of employees for whom necessity perceptions matter the most".

So, future research should be encouraged to fulfill the above gaps exploring the processes by which necessity perceptions might affect merger performance and employees' responses and reactions; in particular, the specific conditions and the groups of merger partners' employees for which necessity perceptions signify the greater influence. Therefore, integrating the above considerations with group-based reactions on mergers, we consider it significant for future merger research to explore when perceived merger necessity might be an obstacle or when it might be a benefit in developing increased post-merger identification.

Pre-merger Organizational Status, Merger Integration Patterns and Human Resource Practices

A knowledge-based view of organizations (Grant, 1991) stresses the need to ensure the development, carrying and exchanging of resources and capabilities especially post-combination, as it has been found to be related to increased post-M&A performance based on the realization of the expected benefits between merging partners (Gomes *et al.* 2013).

However, sharing of resources and capabilities post-merger tends to be a difficult process due to the cultural differences between merging partners (Cartwright and Cooper, 1993b)and human resource management in M&A context (*e.g.*, decreased identification and commitment with the merged organization, lowered job satisfaction and trust and increased resistance to change, among others) (Fairfield-Sonn, Ogilivie and Del Vecchio, 2002).

In related M&As, strategic fit (the degree of product and market similarity prior to the deal) and organizational fit (the degree of culture and managerial operations' similarity before the merger) are contextual factors that are examined before the deal (Ellis *et al.* 2012). In addition, communication, target management involvement, transition management structure and length of integration are process factors that influence actual resource combinations in related M&As after the deal (companies operate in similar industrial sectors)(Ellis *et al.* 2012, p372).

Especially during post-merger integration, the capacity to integrate and transfer from one merging partner to the other assets, skills, personnel and procedures is likely to be a basis for gaining a sustainable competitive advantage and may instigate the development of new procedures and knowledge in acquiring corporate partners (Haspeslagh and Jemison, 1991), which seem to be important for the successful integration of people and operations.

Examining and understanding the differences between integration patterns and their relationships with process (human resource practices) and contextual factors is considered to contribute to ―synergy realization and value creation" (Ellis *et al.* 2012, p371), therefore, an emphasis and further insight on M&A integration patterns seems to be important for merger success.

The way merger corporate partners integrate their cultures has been described, as follows: Schoennauer (1967) identified three merger patterns post-M&A: (i) absorb, where the acquiring organization assimilates the culture of the acquired organization; (ii) blend, where all merging organizations keep separate features of their pre-merger culture and are integrated into the merged entity and (iii) combine, where all merging partners are transforming into a new merged organization. Schweiger and Weber (1989)indicate that most M&As (50%) follow the absorb, almost 30% the blend and 8% the combine merger integration patterns.

Marks and Mirvis' (1998; 2001) description of integration outcomes based on the degree of cultural change in the dominated (acquiring) and the dominant (acquired) merging partner (high vs low), is as follows: Absorption [low change in dominant (acquiring), high change in dominated (acquired) corporate partner] represents cultural assimilation of the dominated (acquiring) merging partner (almost without a voice post-merger), equivalent to absorb merger integration pattern proposed by Schoennauer's (1967) typology. Transformation (high change in both merging partners) represents cultural transformation corresponding to Schoennauer's (1967) combine pattern (a new culture is created usually borrowing aspects of culture from both merging partners). Best of both (moderate change in all merging partners) equals Schoennauer's (1967) blend integration pattern. Here cultural integration is represented by preserving distinct aspects of culture from both corporate partners. Reverse merger pattern represents a rather unusual merger case where the acquiring (dominant) merger partner is assimilated by the acquired (dominated) and finally, preservation integration pattern depicts a situation of low change in both corporate partners with the acquired (dominated) merging organization retaining independence in culture.

Giessner *et al.* (2006) indicated that employees of the high status pre-merger organization are most likely to prefer a merger integration pattern that resembles that of either assimilation (absorption) or transformation (combine); under these ways of integration they are expected to maintain a strong sense of continuity from their pre-merger organization firmly represented in the new post-merger organization. For instance, absorption merger integration approach is empirically found to be associated with autonomy removal even in cases when one merging partner is a large organization comparable to the other (Weber, Tarba and Rozen Bachar, 2012). On the opposite, members of the low status pre-merger organization are expected to support best of both (blend) integration pattern, as they opt for equality integration post-combination (Giessner, 2011).

The theory of relative standing (Frank, 1986) emphasizes the significance of non-financial incentives that may have for the achievement of current and future organizational goals. Within M&As conditions in particular, mergers are potentially low in relative standing especially for members of the dominated (acquired) organization, where they are expected to feel inferior, without much voice and with reduced autonomy and training and development opportunities offered to them (Ahammad *et al.* 2012).

In addition, a diminished decision-latitude and control over decisions in the post-merger organization is likely to lower the distinctiveness of the post-merger identity and subsequently enhance the occurrence of identity-threat (Lupina-Wegener, Schneider and van Dick, 2011). However, as long as both merging partners keep adequate control over decision-making, emphasize the significance of the abilities and expertise of each other and the dominated (acquired) merging partner actively participates in training and development activities post-M&A, it is more likely to experience decreased identity threat and accomplish greater knowledge transfer post-combination (Bresman, Birkinshaw and Nobel, 1999).

Moreover, during post-M&A integration phase, greater managerial and employee autonomy is considered to be necessary to facilitate the initiative, eagerness and favorable orientation necessary to fulfill job tasks' knowledge creation. Also, to successfully address possible merger-related culture clashes effects on human resource management issues such as differed salaries and benefits, promotion changes, expanded performance appraisal systems, *etc*. (Weber and Tarba, 2010).

As such, the above arguments reflect the following considerations that depict identified gaps in the merger literature that we believe they should trigger future research to facilitate M&As bring more positive results than is at the time the case, as follows:

Best of both (blend) merger integration patterns are anticipated to be associated with lowered decrease in employee and managerial autonomy and therefore, positive sense of continuity from the pre-to the post-merger identity and greater task knowledge creation and integration competencies transfer due to increased equality integration conditions.

Absorption (assimilation) and (or) transformation (combine) merger integration patterns are expected to be related to higher decrease in employee and managerial autonomy and thereby, less favorable sense of continuity from the pre-to the post-merger identity and lesser task knowledge creation and integration capabilities transfer due to decreased equality integration situation.

To the best of our knowledge, the way the intergroup-level variable of sense of continuity affects the ways merging partners use to merge their cultures post-combination, merger patterns and affect their human resource practices employed in M&A context, has been given less attention in research about M&A. For that matter, any future merger research exploring the processes under which certain merger integration patterns may affect the human resource practices utilized post-combination, would have an added value in helping M&As conveying more encouraging results than it is currently the state.

Along these lines, we also consider it significant for future M&A research to explore the circumstances under which strong pre-merger identification might be either an obstacle or a benefit in creating a common or shared organizational identity in different merger integration patterns and whether this may influence the human resource practices used in merger integration conditions.

For example, Gaertner *et al*. (1996) have indicated that combining the pre-merger organizational identity with a shared and common group identity post-merger, i.e. opting for a dual organizational identity, may have either favorable effects on cooperative behavior (Giessner and Mummendey, 2008), or negative ones towards the members of the other merger partner (Giessner, Horton and Humborstad, 2016).

The influence of lowered autonomy in merger conditions has been investigated to some extent, but its effect on the feelings of threat regarding pre-merger organizational identity seems to have received less research attention within merger context (Lupina- Wegener, Schneider and van Dick, 2011, p.8) along with the ways autonomy might be experienced in M&A settings (Gleibs, Mummendey and Noack, 2008).

Therefore, the above discussion leads to the need of the future exploration of how autonomy might be related to threat to pre-M&A identity and its associations with integration patterns employed and human resource practices adopted post-combination—an issue that to the best of our knowledge, seems to have not been studied so far.

The SIA-based Leadership to M&As

In order for leaders to be successful in fostering identification and commitment with the post-merger organization, they have to create and reinforce a strong sense of continuity of identity for employees of all merging partners and facilitate perceptions of fairness procedures during merger integration (Tyler and De Cremer, 2005).Their influence can be so powerful, that they —ar required to be not only the agents of change, but also the agents of continuity" (Giessner, Ullrich and van Dick, 2012, p483).

Although leaders are considered as critical elements for effective merger implementation as they motivate the involvement of others in fulfilling mutual (shared) goals with the social identity approach to leadership being consistent with this description(Hogg, 2001, p.194), SIA-based studies on the role of leadership during merger integration seem to be rare (Giessner, Horton and Humborstad, 2016, p80). The central points of the SIA approach to leadership refer to the importance of two leader traits which act together to exercise leadership influence (Giessner, Ullrich and van Dick, 2012) by promoting willingness to change (van Knippenberg and van Knippenberg, 2005) and merger support and trust (van Knippenberg, 2011): leader group prototypicality (the extent to which the leader reflects or represents the central characteristics of the organization) (group) and leader organization (group) orientedness (the degree to which the leader is perceived as of having the ―collective interest at heart") (Giessner, Ullrich and van Dick, 2012, p484).

Leaders perceived to be more organization prototypical have been indicated to foster employees' sense of continuity of identity during merger integration (Bobbio, van Knippenberg and van Knippenberg, 2005) and believed to be more committed towards the organization's and employees' best interest (organization orientedness) (Giessner and van Knippenberg, 2008).However, as it seems highly unlikely to be perceived as prototypical by employees of all merging partners (Giessner, Ullrich and van Dick, 2011), when they are actively engaged in fairness actions by allocating and sharing resources in rather equal terms involving both merger partners and demonstrating fair treatment especially to employees of the other corporate partner, then they are most likely and found to be judged as group-oriented, with that perception balancing any short of group prototypicality (Jetten, O'Brien and Trindall, 2002). In addition, leaders are suggested to reinforce employees' post-merger identification by initiating and endorsing a vision of the merged organization based on a sense of continuity, *i.e.*, strengthening employees' perceptions that the main identity of the organization is still representative of what the organization stands for and is not altering due to the merger (Venus, 2013).

The subject matter for future merger research remains whether the above effects are dissolved over time under different integration patterns (for example, both in implemented and desired merger patterns: in various industries (for instance, in public versus private organizations) (Gleibs *et al.* 2013), in cross-border in relation to domestic (national) mergers ((Gleibs *et al.* 2013, p492) and for both top-and middle-level managers alike, reflecting potential prospective merger research questions to be answered. Hence, we believe that the SIA to leadership has a fruitful potential to explore more thoroughly in future M&As studies (Giessner, Ullrich and van Dick, 2011; 2012).

Discussion and Conclusions

Since ―creating an atmosphere that can support integration is a real challenge" (Giessner, 2011, pp.27–32), our goal was to provide potential tangible insights into the effective implementation of merger identity management with a view to facilitate better practices for merger support and integration post-combination.

The arguments and empirical evidence explored above attempted to provide a comprehensive description of some central merger-related ―human factor" issues which have the potential to decrease dysfunctional group-based responses to M&As and recover their unsuccessful record. Social identity and self-categorization procedures inherently embedded in merger integration tend to impact upon the human resource development practices employed post-M&A implementation.

Adopting a best of both (blend) merger integration pattern in comparison to others employed in merger conditions, in practice, by formulating increased equality work conditions for employees of both corporate merging partners, is considered to bring about a greater sense of continuity from the pre-to the post-merger organization and increased knowledge and resources transfer and exchange between merging partners: actions such as granting greater participation in training and development activities when needed, similar benefits and salaries across merging groups, heightened freedom and control over decision-making and organizational autonomy offered to the acquired managers and employees during everyday work decisions, are examples of organizational practice that would facilitate feelings of continuity of identity between merging partners and trigger resource sharing and knowledge transfer for common use in favor of the merged organization's best interest.

In addition, an honest realistic merger preview which communicates the favorable benefits of merging for both merging partners short after legal announcement, and stressing its positive effects on fulfilling the strategic goals of the ―merged" entity might be helpful and important in managing and expanding human capital post-M&A integration (Schweiger and Denisi, 1991).

Further examination of the proposed associations between integration patterns and human resource management practices in relation to sense of continuity between pre-and post-merger identity, as presented above, may contribute to important insights regarding the interrelationships existed between pre-and post-combination critical success factors. Adding the proposed interrelationships within the post-acquisition critical success factors as in Gomes *et al*.'s (2013) model, we attempted to offer valuable insights and fill the suggested gap in research about M&A connectivity between pre-and post-merger factors that seems to be sort of (Gomes *et al.* 2013).

We also stressed the importance of both merging partners' employees being represented as much as possible in equal terms, in order to perceive the merged entity as a continuation of their previous organization and be more psychologically affiliated with it. Further, being actively involved and having adequate control over decision-making to ease feelings of belongingness and diminish those of identity-threat towards the new merged organization, actively participating in forming its future route by having their voice heard, being equally represented in merged organization's training and development activities, benefits and rewards to instigate feelings of equal respect and acknowledgement, *i.e.*, fair position and positive sense of worth in the merged organization and therefore, facilitate in practice, the transfer of knowledge and capabilities post-integration.

Moreover, both top and middle-level management authorities should reflect the merged organization's vision by exhibiting increased commitment to its goals, *i.e.*, adopting the merged organization's goals as of their own (collective interest at heart) and thereby encouraging employees' perceptions of the merged organization as a continuation of their previous organization (*i.e.*, continuity of identity) and their support in implementing merger changes.

By and large, M&A integration should be based and evaluated on the clarity about the merged organization's future direction and the importance of the employees' active role in it. Overall, much can be gained through a more interrelated approach across different M&A stages and perspectives over a longer period of time to further disentangle the combinations of potential success factors along the merger event and integration success, in particular, since any M&A tends to be a complex process and ―in reality not all M&As are alike" (Weber and Tarba, 2010, p203).

Acknowledgments

The present paper is dedicated to the memory of my mother, teacher Georgia Tsiotou-Makri.

Conflict of interest

The author declares no potential conflict of interest with respect to the research, authorship and/or publication of this article

References

Ahammad M F, Glaister K W, Weber Y, *et al.* 2012, Top management retention in cross-border acquisitions: The roles of financial incentives, acquirer's commitment and autonomy. *European Journal of International Management*, vol.6(4): 458–480. http://dx.doi.org/10.1504/EJIM.2012.048158.

Alluru J R and Thomas M, 2016, Can a merger of equals truly exist? *Strategic Direction*, vol.32(6): 40–42. http://dx.doi.org/10.1108/SD-03-2016-0039.

Amiot C E, Terry D J and Callan V J, 2007, Status, equity, and social identification during an intergroup merger: A longitudinal study. *British Journal of Social Psychology*, vol.46(3): 557–577. http://dx.doi.org/10.1348/014466606X146015.

Bobbio A, van Knippenberg D and van Knippenberg B, 2005,*Leading change: Two empirical studies from a social identity theory of leadership perspective.* Paper presented at the EAESP Medium Sized Meeting ―Academy Colloquium on Social Identity in Organizations", June, Amsterdam, The Netherlands.

Boen F, Vanbeselaere N and Wostyn P, 2010, When the best becomes the rest: The interactive effect of premerger status and relative representation on postmerger identification and ingroup bias. *Group Processes and Intergroup Relations*, vol.13(4): 461–475. http://dx.doi.org/10.1177/1368430209350746.

Boen F, Vanbeselaere N, Hollants K, *et al.* 2005a, Predictors of pupils' and teachers' identification with a merged school. *Journal of Applied Social Psychology*, vol.35(12): 2577–2605. http://dx.doi.org/10.1111/j.1559-1816.2005.tb02115.x.

Bresman H, Birkinshaw J and Nobel R, 1999, Knowledge transfer in international acquisitions. *Journal of International Business*

Studies, vol.30(3): 439–462. http://dx.doi.org/10.1504/EJIM.2012.048158.
Cartwright S and Cooper C L, 1993a, The psychological impact of merger and acquisition on the individual: A study of building society managers. *Human Relations*, vol.46(3): 327–347. http://dx.doi.org/10.1177/001872679304600302.
Cartwright S and Cooper C L, 1993b, The role of culture compatibility in a successful organizational marriage. *Academy of Management Executive*, vol.7(2):57–70. http://dx.doi.org/10.5465/ame.1993.9411302324.
Cartwright S, Tytherleigh M and Robertson S, 2007, Are mergers always stressful? Some evidence from the higher education sector. *European Journal of Work and Organizational Psychology*, vol.16(4): 456–478. http://dx.doi.org/10.1080/13594320701606391.
Drori I, Wrzensniewski A and Ellis S, 2011, Cultural clashes in a ―merger of equals": The case of high-tech start-ups. *Human Resource Management*, vol.50(5): 625–649. http://dx.doi.org/10.1002/hrm.20446.
Ellemers N, 1993, The influence of socio-structural variables on identity enhancement strategies. *European Review of Social Psychology*, vol.4(1): 27–57. http://dx.doi.org/10.1080/14792779343000013.
Ellis K M, Weber Y, Raveh A, *et al.* 2012, Integration in large, related M&As: linkages between contextual factors, integration approaches and process dimensions. *European Journal of International Management*, vol. 6(4): 368–394. http://dx.doi.org/10.1504/EJIM.2012.048154.
Fairfield-Sonn J W, Ogilivie J R and Del Vecchio G A, 2002, Mergers, acquisitions and long-term employee attitudes. *Journal of Business and Economic Studies*, vol.8(2): 1–16.
Frank R H, 1986, *Choosing the Right Pond: Human Behavior and the Quest for Status*. New York: Oxford University Press.
Gaertner S L, Dovidio J F and Bachman B A, 1996, Revisiting the contact hypothesis: The induction of a common in-group identity. *International Journal of Intercultural Relations*, vol.20(3–4): 271–290. http://dx.doi.org/10.1016/0147-1767(96)00019-3.
Giessner S R and Mummendey A, 2008, United we win, divided we fail? Effects of cognitive representations and performance feedbacks on merging groups. *European Journal of Social Psychology*, vol.38(3):412–435. http://dx.doi.org/10.1002/ejsp.439.
Giessner S R and van Knippenberg D, 2008, ―License to Fail": Goal definition, leader group prototypicality, and perceptions of leadership effectiveness after leader failure. *Organizational Behavior and Human Decision Processes*, vol.105(1): 14–35. http://dx.doi.org/10.1016/j.obhdp.2007.04.002.
Giessner S R, 2011, Is the merger necessary? The interactive effect of perceived necessity and sense of continuity on post-merger identification. *Human Relations*, vol.64(8): 1079–1098. http://dx.doi.org/10.1177/0018726711406979.
Giessner S R, Horton K E and Humborstad S I W, 2016, Identity management during organizational mergers: Empirical insights and practical advice. *Social Issues and Policy Review*, vol.10(1): 47–81. http://dx.doi.org/10.1111/sipr.12018.
Giessner S R, Ullrich J and van Dick R, 2011, Social identity and corporate mergers. *Social and Personality Psychology Compass*, vol.5(6): 333–345. http://dx.doi.org/10.1111/j.1751-9004.2011.00357.x.
Giessner S R, Ullrich J and van Dick R, 2012, A social identity analysis of mergers and acquisitions, in Faulkner D, Teerikangas S and Joseph R J (eds), *Handbook of Mergers and Acquisitions*, Oxford: Oxford University Press. pp. 474–495. http://dx.doi.org/10.1093/acprof:oso/9780199601462.003.0019.
Giessner, S.R., Viki, G.T., Otten, S., Terry, D.J., & Taüber, S. (2006). The challenge of merging: Merger patterns, premerger status, and merger support. *Personality and Social Psychology Bulletin, 32* (3): 339-352. http://dx.doi.org/10.1177/0146167205282151.
Gleibs I H, Mummendey A and Noack P, 2008, Predictors of change in postmerger identification during a merger process: A longitudinal study. *Journal of Personality and Social Psychology*, vol.95(5): 1095–1112. http://dx.doi.org/10.1037/0022-3514.95.5.1095.
Gleibs I H, Täuber S, Viki G T, *et al.* 2013, When what we get in not what we want: the roles of implemented versus desired merger patterns in support for mergers. *Social Psychology*, vol.44(3): 177–190. http://dx.doi.org/10.1027/1864-9335/a000102.
Gomes E, Angwin D N, Weber Y, *et al.* 2013, Critical success factors through the mergers and acquisitions process: Revealing pre-and post-M&A connections for improved performance. *Thunderbird International Business Review*, vol.55(1): 13–35. http://dx.doi.org/10.1002/tie.21521.
Grant R M, 1991, The resource-based theory of competitive advantage: Implications for strategy formulation. *California Management Review*, vol.33(3): 114–135. http://dx.doi.org/10.2307/41166664.
Grant R M, 1996, Prospering in dynamically-competitive environments: organizational capability as knowledge integration. *Organization Science,* vol.7: 375–387. http://dx.doi.org/10.1287/orsc.7.4.375.
Haspeslagh P C and Jemison D B, 1991, The challenge of renewal through acquisitions. *Planning Review*, vol.19(2): 27–32. http://dx.doi.org/10.1108/eb054320.
Hogg M A and Terry D J, 2000, Social identity and self-categorization processes in organizational contexts. *Academy of Management Review*, vol.25(1): 121–140. http://dx.doi.org/10.2307/259266.
Hogg M A, 2001, A social identity theory of leadership. *Personality and Social Psychology Review*, vol.5(3): 184–200. http://dx.doi.org/10.1207/S15327957PSPR05031.
Hornsey M J and Hogg M A, 2002, The effects of status on subgroup relations. *British Journal of Social Psychology*, vol.41(2): 203–218. http://dx.doi.org/10.1348/014466602760060200.
Jetten J, O'Brien A and Trindall N, 2002, Changing identity: Predicting adjustment to organizational restructure as a function of sub-

group and superordinate identification. *British Journal of Social Psychology*, vol.41(2): 281–298. http://dx.doi.org/10.1348/014466602760060147.

King D R, Dalton D R, Daily C M, *et al.* 2004, Meta-analyses of post-acquisition performance: Indications of unidentified moderators. *Strategic Management Journal*, vol.25(2): 187–200. http://dx.doi.org/10.1002/smj.371.

Klendauer R and Deller J, 2009, Organizational justice and managerial commitment in corporate mergers. *Journal of Managerial Psychology*, vol.24(1): 29–45. http://dx.doi.org/10.1108/02683940910922528.

Lupina-Wegener A, Drzensky F, Ullrich J, *et al.* 2013, Focusing on the bright tomorrow? A longitudinal study of organizational identification and projected continuity in a corporate merger. *British Journal of Social Psychology*, vol.53(1): 1–21. http://dx.doi.org/10.1111/bjso.12056.

Lupina-Wegener A, Schneider S C and van Dick R, 2011, Different experiences of socio-cultural integration: A European merger in Mexico. *Journal of Organizational Change Management*, vol.24(1): 65–89. http://dx.doi.org/10.1108/09534811111102292.

Marks M L and Mirvis P H, 1998, *Joining forces: Making one plus one equal three in mergers, acquisitions, and alliances.* San Francisco: Jossey Bass Publishers.

Marks M L and Mirvis P H, 2001, Making mergers and acquisitions work: Strategic and psychological preparation. *Academy of Management Executive*, vol.15(2): 80–89. http://dx.doi.org/10.5465/AME.2001.4614947.

Marmenout K, 2010, Employee sensemaking in mergers: How deal characteristics shape employee attitudes. *Journal of Applied Behavioral Science*, vol.46(3): 329–359. http://dx.doi.org/10.1177/0021886310371373.

Monin P, Noorderhaven N, Vaara E, *et al.* 2013, Giving sense to and making sense of justice in post-merger integration. *Academy of Management Journal*, vol.56(1): 256–284. http://dx.doi.org/10.5465/amj.2010.0727.

Mottola G R, Bachman B A, Gaertner S L, *et al.* 1997, How groups merge: The effects of merger integration patterns on anticipated commitment to the merged organization. *Journal of Applied Social Psychology*, vol.27(15): 1335–1358. http://dx.doi.org/10.1111/j.1559-1816.1997.tb01809.x.

Paruchuri S, Nerkar A and Hambrick D C, 2006, Acquisition integration and productivity losses in the technical core: Disruption of inventors in acquired companies. *Organization Science*, vol.17(5): 545–562. http://dx.doi.org/10.1287/orsc.1060.0207.

Punaram P, Singh H and Zollo M, 2006, Organizing for innovation: Managing the coordination-autonomy dilemma in technology acquisitions. *Academy of Management Journal*, vol.49(2): 263–280. http://dx.doi.org/10.5465/AMJ.2006.20786062.

Rousseau D M, 1998, Why workers still identify with organizations. *Journal of Organizational Behavior*, vol.19(3): 217–233. http://dx.doi.org/10.1002/(SICI)1099-1379(199805)19:3%3C217::AID-JOB931%3E3.3.CO;2-E.

Schoennauer A W, 1967, Behavior patterns of executives in business acquisitions. *Personnel Administration*, vol.30: 27–31.

Schweiger D M and Denisi A S, 1991, Communication with employees following a merger: A longitudinal field experiment. *Academy of Management Journal*, vol.34(1):110–135. http://dx.doi.org/10.2307/256304.

Schweiger D M and Weber Y, 1989. Strategies for managing human resources during mergers and acquisitions: An empirical investigation. Human Resource Planning, vol. 12: 69–86.

Tajfel H and Turner J C, 1986, The social identity theory of intergroup behavior, in Worchel S andAustin WG (eds), *Psychology of intergroup relations*, Chicago: Nelson-Hall. pp.7–24.

Terry D J and O'Brien A T, 2001, Status, legitimacy and ingroup bias in the context of an organizational merger. *Group processes & Intergroup Relations*, vol.4(3): 271–289. http://dx.doi.org/10.1177/1368430201004003007.

Terry D J, Carey C J and Callan V J, 2001, Employee adjustment to an organizational merger: An intergroup perspective. *Personality and Social Psychology Bulletin*, vol.27(3): 267–280.20http:/dx.doi.org/10.1177/0146167201273001.

Turner J C, Hogg M A, Oakes P J, *et al.* 1987,*Rediscovering the social group: A self-categorization theory*. Oxford, England: Blackwell.

Tyler T R and De Cremer D, 2005, Process based leadership: Fair procedures, identification, and the acceptance of change. *Leadership Quarterly*, vol.16(4): 529–545. http://dx.doi.org/10.1016/j.leaqua.2005.06.001.

Ullrich J and van Dick R, 2007, The group psychology of mergers &acquisitions: Lessons from the social identity approach, in Cooper C L and Finkelstein S (eds).*Advances in Mergers and Acquisitions*, vol.6, Emerald Group Publishing Limited, pp.1–15. http://dx.doi.org/10.1016/s1479-361x(07)06001-2.

Ullrich J, Wieseke J and van Dick R, 2005, Continuity and change in mergers and acquisitions: A social identity case study of a German industrial merger. *Journal of Management Studies*, vol.42(8): 1549–1569. http://dx.doi.org/10.1111/j.1467-6486.2005.00556.x.

van Dick R, 2004, My job is my castle: Identification in organizational contexts, in Cooper CLand Robertson IT(eds), *International Review of Industrial and Organizational Psychology*,London: Wiley. pp. 171–204.

van Dick R, Ullrich J and Tissington P A,2006, Working under a black cloud: Sustaining organizational identification after a merger. *British Journal of Management*, vol.17(1): 69–79. http://dx.doi.org/10.1111/j.1467-8551.2006.00479.x.

van Dijk R and van Dick R, 2009, Navigating organizational change: Change leaders, employee resistance and work-based identities. *Journal of Change Management*, vol.9(2): 142–163. http://dx.doi.org/10.1080/14697010902879087.

van Knippenberg B and van Knippenberg D, 2005, Leader self-sacrifice and leadership effectiveness: The moderating role of leader prototypicality. *Journal of Applied Psychology*, vol.90(1): 25–37. http://dx.doi.org/10.1037/0021-9010.90.1.25.

van Knippenberg D and van Leeuwen E, 2001, Organizational identity after a merger: Sense of continuity as the key to postmerger identification, in Hogg M A and Terry D J(eds), *Social identity processes in organizational contexts*, Sussex, UK: Psychology Press. pp. 249–264.

van Knippenberg D, 2011, Embodying who we are: Leader group prototypicality and leadership effectiveness. *The Leadership Quarterly*, vol.22(6): 1078–1091. http://dx.doi.org/10.1016/j.leaqua.2011.09.004.

van Knippenberg D, van Knippenberg B, Monden L, *et al.* 2002, Organizational identification after a merger: A social identity perspective. *British Journal of Social Psychology*, vol.41(2): 233–252. http://dx.doi.org/10.1348/014466602760060228.

van Vuuren M, Beelen P and de Jong D T, 2010, Speaking of dominance, status differences, and identification: Making sense of a merger. *Journal of Occupational and Organizational Psychology*, vol.83(3): 627–643. http://dx.doi.org/10.1348/096317909X463661.

Venus M, 2013, Demystifying visionary leadership: In search of the essence of effective vision communication. PhDThesis, Erasmus Research Institute of Management, Rotterdam. pp. 203.

Weber Y (ed), 2012, *Handbook of research on mergers and acquisitions,* Edward Elgar, Cheltenham, UK.

Weber Y and Tarba S Y,2010, Human resource practices and performance of mergers and acquisitions in Israel. *Human Resource Management Review*, vol.20(3): 203–211. http://dx.doi.org/10.1016/j.hrmr.2009.08.007.

Weber Y, Tarba S Yand Rozen Bachar Z, 2012, The effects of culture clash on international mergers in the high tech industry. *World Review of Entrepreneurship, Management and Sustainable Development*, vol.8(1): 103–118. http://dx.doi.org/10.1504/WREMSD.2012.044490.

Weber Yand Fried Y, 2011a, The role of HR practices in managing culture clash during the post-merger integration process. *Human Resource Management*, vol.50(5): 565–570. http://dx.doi.org/10.1002/hrm.20449.

Wickramasinghe V and Karunaratne C, 2009, People management in mergers and acquisitions in Sri Lanka: Employee perceptions. *The International Journal of Human Resource Management* vol.20(3): 694–715. http://dx.doi.org/10.1080/09585190802707508.

Zollo M and Singh H, 2004, Deliberate learning in corporate acquisitions: Post-acquisition strategies and integration capability in U.S. bank mergers. *Strategic Management Journal*, vol.25(13):1233–1256. http://dx.doi.org/10.1002/smj.426.